

Julius Bär

CORPORATE SUSTAINABILITY REPORT 2016

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JULIUS BAER GROUP



# CORPORATE SUSTAINABILITY REPORT 2016 JULIUS BAER GROUP

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## ABOUT THIS REPORT

- **Content, scope and materiality considerations:** definition of the boundaries applicable to this report (legal entities, geographic reach, time period) and the process of deriving the content: *pages 6-7*.
- **Global Reporting Initiative (GRI) Content Index:** overview of the GRI's G4 requirements presented in this report based on the conducted materiality analysis: *pages 42-46*.

### **This report forms part of the Corporate Publications suite of Julius Baer Group Ltd. together with:**

- *Annual Report and Half-year Report:* they provide information on the financial results for the period under review. Specifically, the Annual Report also provides details on the corporate governance and remuneration framework of the Group.
- *Business Review:* is published every six months as part of the full-year and half-year financial results. It provides a comprehensive overview of the business development in the respective reporting period.

#### **Front cover and images throughout the report:**

Images within this report capture the symbolic journey of tea leaves, from a plantation to the tea cup. While a number of value chain steps (e.g. transportation, storage, etc.) are not included here in the depiction, the selected pictures do capture the complexity of the overall process and connectedness to nature and people at the bottom of the supply chain.

For us at Julius Baer, the theme represents transparency, accountability for quality to our stakeholders, as well as reflection about the impact we create.

## ABOUT JULIUS BAER

The Julius Baer Group is the leading Swiss private banking group with a rich Swiss heritage and independence since 1890. This long history attests to our successful corporate development and commitment to sustainable long-term relationships built on mutual trust.

Our business focus continues to be on the demands of sophisticated private clients, family offices and independent asset managers from around the world. Present in over 25 countries and more than 50 locations, we have a broad international network to meet our clients' local and global investment needs.

Headquartered in Zurich, Switzerland, Julius Baer has over the years developed a second home base in Asia. We are listed on the SIX Swiss Exchange as a blue chip company and are a member of the Swiss Market Index (SMI).

Based on the *Julius Baer open product platform*, the Group offers comprehensive services in the areas of wealth management, wealth planning and wealth financing.

### Wealth management

Our professional wealth management services enable our clients to choose their preferred level of service and delegation using a selection of discretionary and advisory mandates. Our services are underpinned by a systematic investment process with constant risk monitoring and complemented by in-house research and execution.

### Wealth planning

We provide unbiased advice on financial planning, wealth structuring, succession, taxation, retirement, relocation and philanthropy.

### Wealth financing

From Lombard lending and mortgages right through to structured financing transactions, we offer a wide range of financing solutions and advisory services to help our clients reach their financial goals.

	2016	2015
<b>Key Financials</b>		
Assets under management, AuM (CHF bn)	336.2	299.7
BIS total capital ratio (%)	17.5	19.4
Moody's long term bank deposit rating of Bank Julius Baer & Co. Ltd.	Aa2	Aa2
<b>Our People</b>		
Number of employees (FTE) (total workforce excl. externals)	6,026.0	5,364.0
Total headcount (regular staff)	6,140	5,534
whereof men (%)	58.8	59.2
whereof women (%)	41.2	40.8

# GLOBAL PRESENCE

## Europe



## Switzerland



## Our locations in other parts of the world



- Location
- Booking centre
- GPS, a fully owned subsidiary
- NSC Asesores, strategic minority participation of 40%
- Kairos Julius Baer SIM SpA, strategic participation of 80% in its holding company Julius Baer is present in Milan with Julius Baer Fiduciaria S.r.l.

<sup>1</sup> Additional advisory locations in Bangalore, Chennai, Kolkata and New Delhi

## STATEMENT FROM THE CHAIRMAN AND THE CEO

Dear Stakeholders,

On behalf of the Board of Directors and the Executive Board, we are pleased to introduce to you the Corporate Sustainability report of Julius Baer Group Ltd. for 2016.

Recognising the multitude of fundamental shifts taking place in society and the environment, the international community took a step in late 2015 and defined a set of 17 ambitious Sustainable Development Goals (SDGs) to try to ease some of the existing challenges the world faces, such as poverty, inequalities and climate change, and to channel resources towards more sustainable solutions. These goals came into effect on 1 January 2016 and however far-reaching, they set a target for 2030 and are a call to be met by businesses around the world.

As an internationally present private banking Group, the role that Julius Baer can and wants to play in this journey is multi-fold. Our responsibility comes through ensuring long-term financial profitability, practising solid corporate governance, being a fair and respected employer, corporate citizen and business partner, following the letter of the law as well as managing our resources efficiently and consciously. However, our strongest area of impact comes through integration of the Environmental, Social and Governance (ESG) criteria into our investment decision process and ownership practices. Through various initiatives on all of these levels, we already contribute to a number of SDGs, a summary of which can be found in a dedicated section at the end of this report.

During 2016, we continued growing on the foundation set in 2015 and implemented a range of initiatives to meet the defined goals and commitments as well as progressively broadened the depth of implementation of sustainability topics within our core business and beyond.

To underpin our commitment to the UN-supported Principles for Responsible Investment (PRI), the work on the integration of ESG criteria was moved from project phase into a formal Responsible Investment programme, with a Board chaired by the Head of Julius Baer's Advisory Solutions department.

Through our continued sponsorship of the FIA Formula E Championship, we are committed to encourage the development and diffusion of environmentally friendly technology to the mainstream. We therefore promote renewable energy investment both on the corporate side through our infrastructure as well as to our clients through the forward-thinking Next Generation research.

We are proud of the community engagement initiatives driven by our staff in the various locations around the world and strive to deepen the impact created on the corporate side through re-energising and focusing of the Julius Baer Foundation activities.

We also reconfirm our commitment to not only continuously improve Julius Baer Group's environmental footprint, but also to operate as a carbon-neutral company through the purchase of CO<sub>2</sub> compensation certificates.

We look forward to continuing on this journey and hope that you enjoy this report.

Best regards,



**Daniel J. Sauter**  
Chairman

A handwritten signature in black ink, appearing to read 'D. Sauter', written in a cursive style.



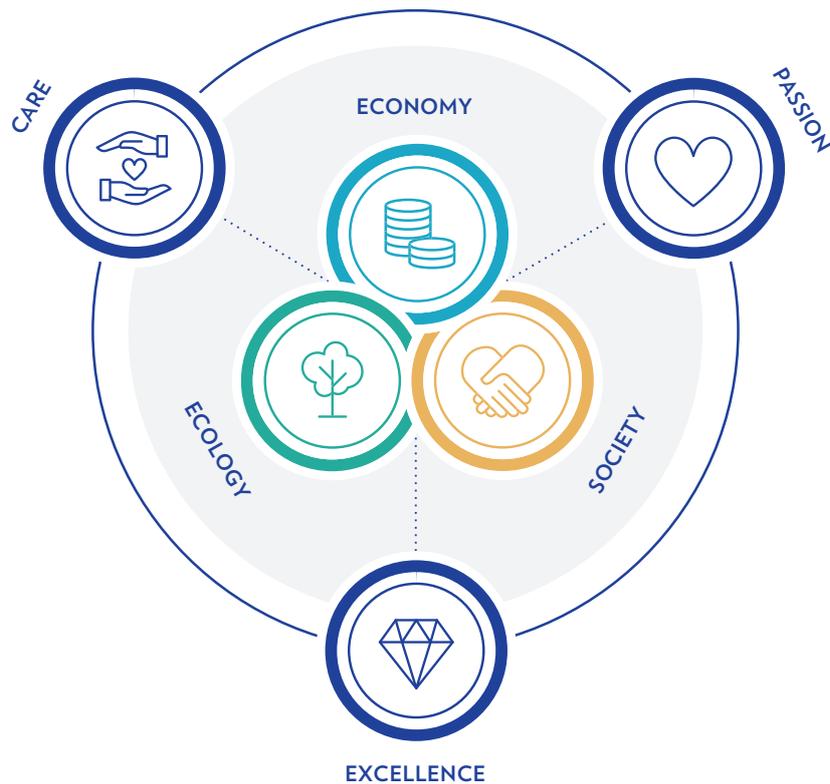
**Boris F.J. Collardi**  
Chief Executive Officer

A handwritten signature in black ink, appearing to read 'B. Collardi', written in a cursive style.

# OUR CORE VALUES AND CORPORATE SUSTAINABILITY STRATEGY

## CORE VALUES

Long-standing core values of Julius Baer – Care, Passion, Excellence (the ‘Core Values’) – form the aspirational foundation for all activities of our company and, respectively, the Group’s Corporate Sustainability framework.



### Care

We cultivate mutual respect, understanding and sustainable relationships with our clients, employees and the communities in which we do business.

EMPATHY – INTEGRITY – PARTNERSHIP

### Passion

We are passionate about our business in all its facets and strive for continual betterment. We shape a culture of openness, enthusiasm and curiosity that inspires entrepreneurship.

ENTREPRENEURSHIP – FOCUS – HERITAGE

### Excellence

We take a client-centric approach in everything we do and provide best-in-class services. We empower our employees and invest in their further development to ensure a consistent level of excellence. As a result we are the international reference in private banking.

GLOBAL EXPERTISE – PERFORMANCE – INNOVATION

## CORPORATE SUSTAINABILITY

### Focus areas and goals

Building on the foundation defined in the previous year, 2016 was dedicated to progressively deepening the implementation of our corporate sustainability initiatives in the key priority areas:

- integration of environmental, social and corporate governance (ESG) criteria in our analysis of investments
- establishment of a structured approach to the analysis of existing and future suppliers of material products and services
- consolidation and deepening of our community engagement activities
- continuous implementation of measures to meet the goals defined as part of the environmental efficiency management framework
- raising overall awareness on Corporate Sustainability activities and sensitising our employees to the topic

A variety of initiatives on all of the above-topics materialised in the past year – the details for all of them can be found on the pages of this report.

The Corporate Sustainability department is positioned at Group level with direct reporting line to the CEO of Julius Baer with oversight by the Executive Board (ExB). Relevance and importance of the Corporate Sustainability programme was further reinforced at the December 2016 ExB meeting, whereby three of the senior managers volunteered to serve as champions for the areas of ‘Sustainability in our business’, ‘Social responsibility’ and ‘Caring for the environment’ and by doing so help the Corporate Sustainability department with integrating these topics further into the daily business of the Group.

### Report boundary and materiality analysis

Unless indicated otherwise, the boundary of this annual Corporate Sustainability report covers the Julius Baer Group with all its Group companies (see also Note 26A in the consolidated annual financial statements<sup>1</sup>).

The content of this report centres on topics that are relevant to Julius Baer’s business strategy and success, and that represent areas of interest to our stakeholders. As in the previous year, this focus was determined through a materiality assessment, which we conducted in accordance with the GRI G4 Core reporting option. The analysis of relevant aspects and indicators was based on a formal workshop with representatives of various internal business units (including but not limited to Advisory Solutions, Investment Management, HR, Risk and Compliance, Corporate Services and Public Policy). The assessment from the previous year was used as a base and critically reviewed to identify any need for adjustment or fine-tuning. Input from meetings with engagement agencies representing interests of our external stakeholders was incorporated into this discussion. The consolidated findings were subsequently verified with our CEO and are summarised in the chart below and in the GRI G4 Content Index table at the end of this report.

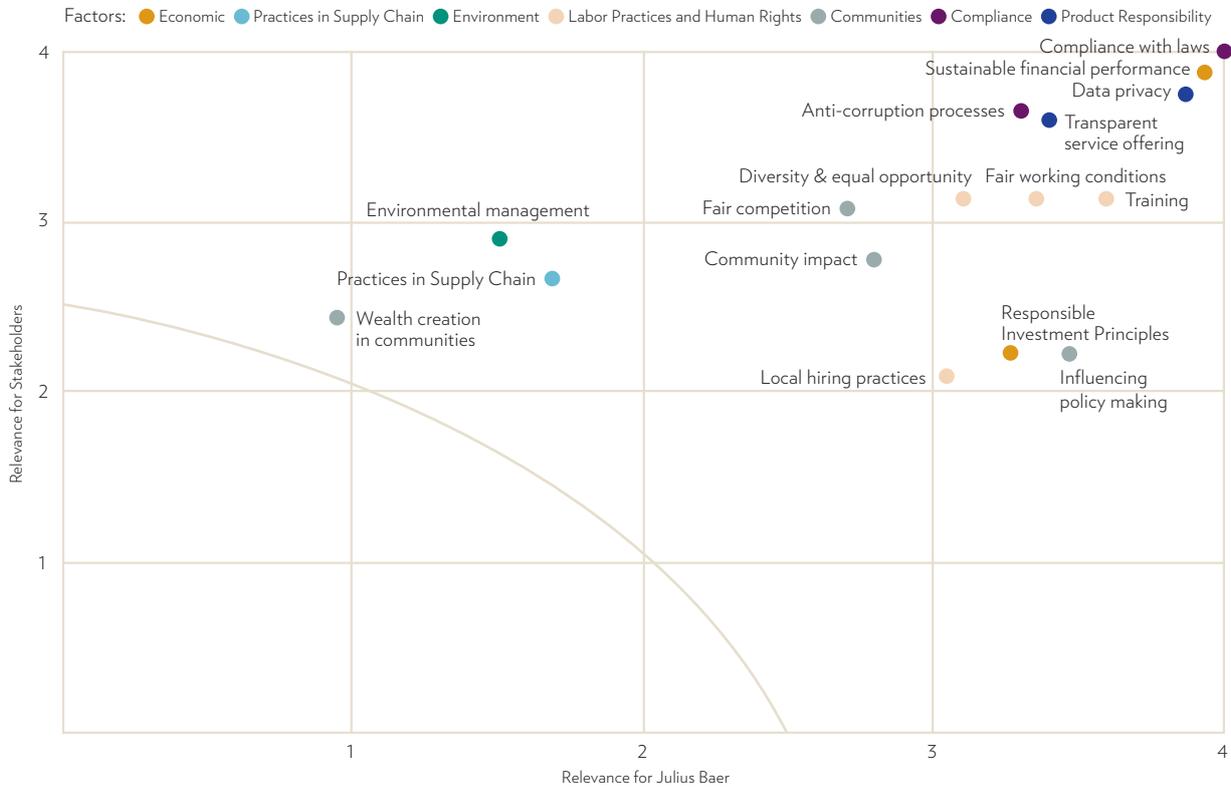
Consistent with the particulars of our business, we excluded from the scope topics that we do not see as being material to our operations as a wealth manager for private clients (i.e. no corporate or investment banking activities). For example:

- all of our locations are in cities, without direct impact on biodiversity, indigenous rights, or industrial materials usage
- we have no direct exposure to child labour, or forced or compulsory labour through our product and services supply chain

This page contains disclosures of the Global Reporting Initiative (GRI) Indicators G4-17, G4-18, G4-23, G4-24 and G4-27. See also GRI G4 Content Index on pages 42-43.

<sup>1</sup> [www.juliusbaer.com/reports](http://www.juliusbaer.com/reports)

## Materiality assessment 2016



We see the sustainability aspects covered in this report to be relevant to Julius Baer itself. In addition, they are relevant to stakeholder groups throughout our value chain as summarised below:

Aspects	Why are these aspects material	Stakeholder groups for which the aspect carries material relevance
<ul style="list-style-type: none"> <li>Sustainable financial performance</li> <li>Integration of Responsible Investment principles into our investment selection process</li> </ul>	<ul style="list-style-type: none"> <li>Being a positive contributor to the economy of the markets in which we operate</li> <li>Integration of ESG into our investment selection process can help us identify companies with better perennial profitability and creditworthiness</li> </ul>	Investors, clients, society at large, our employees
<ul style="list-style-type: none"> <li>Client data privacy</li> <li>Transparency in the service offering towards our clients</li> </ul>	<ul style="list-style-type: none"> <li>Fulfilling the trust of our clients</li> <li>Treating our clients fairly and acting in good faith to meet their specific needs</li> </ul>	Clients, regulators
<ul style="list-style-type: none"> <li>Overall compliance with regulations in locations we are active in and general organisational behaviour (e.g. anti-corruption processes, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Protecting our activities in and relations with the markets in which we operate</li> </ul>	Regulators, clients, investors, local communities
<ul style="list-style-type: none"> <li>Human rights, labour practices and environmental practices in our supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Taking responsibility for our impact in activities beyond our direct operations</li> </ul>	Suppliers
<ul style="list-style-type: none"> <li>Giving back to communities</li> </ul>	<ul style="list-style-type: none"> <li>Fullfilling our responsibility to creating a positive impact beyond our core business</li> <li>Supporting engagement of our staff</li> </ul>	Local communities, employees
<ul style="list-style-type: none"> <li>Employee professional development opportunities, fair working conditions, non-discrimination and equal opportunity</li> </ul>	<ul style="list-style-type: none"> <li>Being able to recruit and retain employees by motivating and engaging them</li> </ul>	Employees, local communities
<ul style="list-style-type: none"> <li>Environmental efficiency management</li> </ul>	<ul style="list-style-type: none"> <li>Proactively addressing a topic important on the international level</li> </ul>	Local communities, investors, employees

## CODE OF BUSINESS CONDUCT

Infused by the Core Values of Julius Baer, the daily activities of our company are governed by the set of guiding principles and professional standards for ethical business conduct. These are summarised in the Our Professional Standards document<sup>2</sup> (the 'Code').

Since Julius Baer has a comprehensive range of internal policies in place, the Code is formulated not as an additional policy, but rather as a summary of our corporate ethics and behavioural principles for all persons representing Julius Baer. It is complemented by our internal policies and regulations implemented at the corporate and local levels. All employees of our Group worldwide are expected to meet these standards. The Code is distributed to all new joiners of Julius Baer as part of the global minimum standard for all locations. Further, a dedicated manual describing hands-on tips and detailed examples of bringing the Core Values to life is available for all employees on the Intranet.

The Board of Directors and the Executive Board fully support the Code and are personally committed to ensuring that it is lived by. While the Code focuses on the most important issues, it cannot cover all circumstances. Therefore, Julius Baer relies on the good judgement and responsibility of our staff if they experience a situation that is not explicitly covered by the Code.

Generations of clients have trusted in our ability to manage their wealth not only because of our deeply rooted values and our integrity, but also because we have always put the interests of our clients at the centre of our activities. Only if we continue to follow our own guiding principles for an ethical business conduct, can we meet the high expectations of our stakeholders and be successful.

<sup>2</sup> [www.juliusbaer.com/ourprofessionalstandards](http://www.juliusbaer.com/ourprofessionalstandards)



# SUSTAINABILITY IN OUR BUSINESS

## CORPORATE GOVERNANCE

Sound corporate governance ensures prudent management of the company and its financial resources, a comprehensive risk-control framework and an environment conducive to producing sustainable results. At Julius Baer, this forms the backbone of our daily activities and underpins our ultimate goal of achieving long-term success for the benefit of our clients, our staff, our shareholders and our Group.

We have therefore put in place the necessary structures, policies and processes to promote strong corporate governance. This is reflected in our solid financial footing, our independent oversight bodies responsible for defining the company's strategic direction, our thorough corporate risk controlling framework and our effective compensation schemes and equity-based incentives within the Group.

Detailed information on the corporate governance framework of the Julius Baer Group can be found in our Annual Report 2016<sup>3</sup> as well as on the dedicated webpage<sup>4</sup>. It is presented in accordance with the Corporate Governance Directive of the SIX Swiss Exchange, with the guidelines and recommendations of the 'Swiss Code of Best Practice for Corporate Governance' of the Swiss business federation *economiesuisse* and the Federal Council's 'Ordinance against excessive compensation in listed companies'. The Group's overall compensation framework, including compensation governance, compensation elements and their application in the period under review is described in detail in chapter II. *Remuneration Report* of our Annual Report.

## RESPONSIBLE INVESTMENT CONSIDERATIONS – INTEGRAL PART OF OUR INVESTMENT PHILOSOPHY

### Responsible Investment

Julius Baer signed the United Nations-supported Principles for Responsible Investment (PRI)<sup>5</sup> Initiative in September 2014. As a signatory, we are committed to following the PRI principles by incorporating ESG metrics into our investment decision-making process and ownership practices and to report about our activities under the annual reporting framework. In March 2016, we submitted our first PRI annual report, which is a review of the responsible investment activities of 2015. This report has been publicly available on the PRI website since June 2016.

Julius Baer's approach towards Responsible Investment is centred on creating long-term economic benefits for our clients. It does so by identifying material ESG risks, raising awareness and transparency on these risks, integrating them in our overall investment process and ensuring comprehensive governance around Responsible Investment.

### Identifying material ESG risks

Responsible Investment is built on the understanding that key extra-financial factors such as corporate governance, climate change vulnerability, water stress, product safety and quality, corruption and instability, to name but a few, can have a significant influence on a company's financial success. We are convinced that firms recognising the importance of these factors manage industry-specific risks more efficiently than their competitors and will be able to report more perennial profitability and creditworthiness.

<sup>3</sup> [www.juliusbaer.com/reports/](http://www.juliusbaer.com/reports/)

<sup>4</sup> [www.juliusbaer.com/group/en/julius-baer-at-a-glance/corporate-governance/](http://www.juliusbaer.com/group/en/julius-baer-at-a-glance/corporate-governance/)

<sup>5</sup> [www.unpri.org](http://www.unpri.org)

Hence, Responsible Investment combines financial assessment with a complementary layer of information considering a company's ESG risks. It is not about applying a moral filter to decide which companies to invest in. Instead, it is about capturing the whole spectrum of risks and thus being able to support what is economically profitable in the long-run. Julius Baer uses company ESG ratings to assist research analysts, portfolio managers and investment advisors in the investment process.

#### Raising awareness and transparency on ESG risks

To promote awareness and transparency of our Responsible Investment approach to our clients, we include MSCI ESG<sup>6</sup> Ratings and MSCI ESG Controversies for equities and fixed income in research reports and marketing materials. The Julius Baer Funds team also conducts in-depth research and analysis to provide the Julius Baer Responsible

Investment Fund Rating (JB RIFR) in recommended fund marketing materials, which captures our recommended funds' ESG risks. This is done in order to allow our relationship managers and clients to make more informed investment decisions.

#### Integrating Responsible Investment into the investment process

At Julius Baer, the Responsible Investment approach is integral to our investment process in discretionary mandates, research, investment advisory and fund recommendations. We do not exclude companies on the lowest end of the ESG ranking. Instead, in addition to traditional financial analysis, we actively challenge the companies with the lowest ESG rating in order to fully understand the entailed risks. An internal committee and related processes have been set up, with the aim to minimise the ESG risks for the investments of our clients.

<sup>6</sup> MSCI ESG Research was selected as the provider of in-depth research, ratings and analysis of information on environmental, social and governance-related business practices



Thus, Responsible Investment serves as a basis for a number of specialised products and services that Julius Baer offers to clients, such as Sustainability Mandate, Next Generation Research & Investment Solutions, as well as Impact Investment offering.

#### Ensuring governance over Responsible Investment

To govern all aspects of Responsible Investment, Julius Baer has set up a Responsible Investment Board. The Board is chaired by the Head of Advisory Solutions and hosts the following members: Head of Investment Management and CIO, Head of Region Switzerland, Head of Region Europe, Head of Corporate Sustainability.

#### Sustainability Mandate

We aim to offer our clients a variety of possibilities to invest sustainably in various asset classes and currencies in line with their individual requirements. Already more than 10 years ago, Julius Baer introduced a dedicated Sustainability mandate as a specific subcategory of our discretionary management offering. In addition to the ESG integration, the Sustainability Mandate also applies the best-in-class filter and offers our clients the possibility to participate in a globally diversified universe of forward-thinking, responsible and innovative companies. The top 30% of the companies within their respective subsector become part of the investable universe. The investments are made according to themes, specifically addressing the relevant challenges of the near future, such as energy efficiency, education, mobility, biodiversity or water.

To get more details behind the philosophy of the Sustainability Mandate, see the special feature interview with its portfolio manager, Silvia Wegmann, on page 13.

#### Next Generation Research & Investment Solutions<sup>7</sup>

As a subsegment of our offering, the Next Generation investment philosophy looks beyond the short-term trends on financial markets, peeks beyond the business cycle and seeks to assess the winning and losing companies of the future. The objective is to find sustainable growth opportunities by identifying companies with a competitive advantage within structurally growing markets that hold the solutions to today's fundamental imbalances. At its core, Next Generation Research & Investment Solutions is a thematic investing approach with a focus on long-term structural growth.

We provide research, investment solutions, information channels and publications, conduct annual Next Generation conferences as well as numerous Next Generation dialogues globally for our clients. In 2016, a Next Generation conference was held in Hong Kong, and 40 Next Generation dialogues were held in various locations all over the world.

The scope for investment opportunities is broad and can take the form of investment products, funds, mandates and single stocks. Next Generation tracks shifts in consumer spending and capital expenditure to identify new markets, mapping its research and investment ideas into five key themes:

<sup>7</sup> [www.juliusbaer.com/global/en/visionary-thinking/next-generation/next-generation](http://www.juliusbaer.com/global/en/visionary-thinking/next-generation/next-generation)

- **Arising Asia** – the structural trends at play in Asian emerging markets – growing economies, expanding middle classes, and changing consumer demand – place emerging Asia at the forefront of global wealth creation.
- **Digital Disruption** – the phenomenon of digitisation, led by the proliferation of computing power and greater internet connectivity, is affecting every corner of our lives.
- **Energy Transition** – the transition, driven by the challenges of climate change, pollution, and fossil fuel dependence, in which new energy production technologies move the world towards a cleaner, more efficient use of resources. In particular, future mobility is of great interest for future investment.
- **Feeding the World** – the challenge of food production, which will require overcoming finite natural resources and the adverse impacts of climate change, in order to feed an increasingly populous world (an additional 2.4 billion people by 2050) both affordably and efficiently.
- **Shifting Lifestyles** – the global megatrends of population ageing, enhanced longevity, and changing lifestyles. Youthful minds, active lifestyles, health and education are all more important than ever.

### Impact Investment offering

The impact investing concept is based on long-term trends, with investments done into very specific sectors or explicit geographic areas with a particular focus on generating social and environmental impact alongside a financial return.

While representing only a portion of the growing impact investing space, microfinance solutions are some of the best established scalable vehicles to provide solutions for generation of income, economic empowerment and financial inclusion of the less fortunate in our societies. Therefore, Julius Baer offers a selection of microfinance funds to our clients to facilitate their interest in channeling funding towards such solutions.

These recommended funds mostly engage worldwide in less liquid short to medium-term income-bearing debt contracts of microfinance institutions (MFIs) domiciled in the emerging and developing countries. Regions include Central and South America, Asia, Sub-Saharan Africa, the Middle East and Eastern Europe. For clients with a higher risk appetite, we also complement our offering with a multi-asset fund, which, among others, invests into non-listed private equity securities of MFIs.

All recommended funds are actively managed, well-diversified global portfolios, enabling not only the generation of a moderate financial return, but also a positive social and environmental impact.

# THE DRIVING FORCE BEHIND JULIUS BAER'S SUSTAINABILITY MANDATE – INTERVIEW WITH SILVIA WEGMANN

## Silvia, how long have you been driving the Sustainability Mandate and how has the resonance been with the Relationship Managers (RMs) and clients?

More than a decade ago, a client approached us with a request to restrict his investment universe according to specific requirements that took into account social and environmental considerations. As more clients followed, in 2012, I presented the business case for what became the Sustainability Mandate, and since then it has formed part of our official discretionary mandate offering.

The number of assets under management and clients is increasing slowly but steadily, allowing us to manage over CHF 700 million today. Since the 2008/2009 global financial crisis sustainable, ecological and social criteria have become a more important factor. At Julius Baer, especially in the last two years, we could see an increasing interest in ESG investing among our clients and relationship managers.

## What kind of clients are investing in the Sustainability Mandate?

ESG investing has gained popularity over recent years. A growing number of high networth individuals started to focus on the measurable social and environmental impact behind their

investment decisions, and so our Sustainability Mandate addresses a whole new (next) generation of investors. There is no special type of client. We have clients of all ages, gender, social and cultural backgrounds. ESG investing has also gained momentum with foundations and welfare organisations as well as trusts, as it offers a measurement system to manage reputational and operational risks.

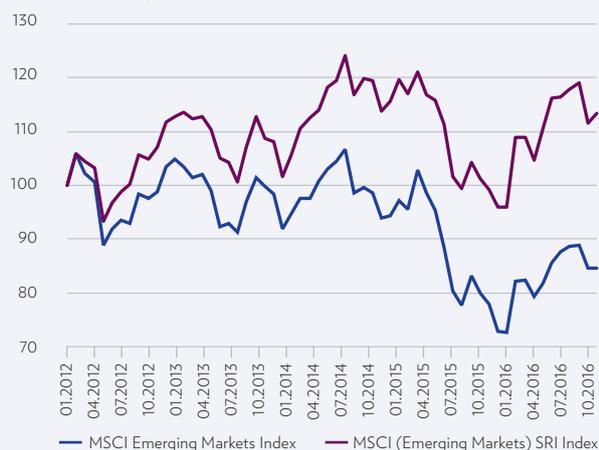
## There still seems to be a perception in the mainstream that the combination of the words 'sustainable' and 'investment' leads to decreased opportunities and reduced performance. What can you say here?

Yes, unfortunately there is still this perception that, by integrating ESG, you narrow down the universe and as a consequence the performance opportunities. Most people forget that more or less each investment style has its boundaries that restrict the respective investment universe. I guess the big difference is that the traditional investment styles have a heavily quantitative approach, whereas ESG is all about that additional qualitative aspect. Investors first have to get used to that and learn from incidents, like the recent Volkswagen case.

Besides that, diverse studies from famous universities such as Harvard support this: with the integration of ESG factors, they say, an outperformance can be achieved.

## Sustainability adding value to emerging markets investments

Performance of MSCI Emerging Markets vs MSCI Emerging Markets SRI Index



Source: Bloomberg



Silvia Wegmann,  
Head Portfolio Management Sustainable Investments

## COMPLIANCE AND RISK MANAGEMENT

### Internal control system and global minimum controls

Maintaining an internal control system (ICS) is a process for assuring achievement of an organisation's objectives in terms of operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. As a broad concept, the ICS involves the entirety of actions and processes that controls risks in an organisation.

Julius Baer maintains a solid and adequate ICS in line with currently applicable regulations and good practice. It is largely aligned with the internal control framework of COSO, the Committee of Sponsoring Organizations of the Treadway Commission, which is widely used in the financial industry. Julius Baer's ICS ensures that risks are identified and assessed in a precautionary and systematic manner, and that mitigating measures are implemented. Effective controls and reporting ensure compliance with regulatory requirements and Julius Baer's own focus points and goals.

Julius Baer maintains a 'three lines of defence' model to ensure clear accountability for risk taking, oversight and independent assurance:

- First line of defence: the line management is responsible for identifying and managing the risks inherent in the products, activities, processes and systems for which it is accountable.
- Second line of defence: independent functions, such as but not limited to the Chief Risk Officer (CRO) area, are complementing the line management's risk management activities.
- Third line of defence: Group Internal Audit performs an independent review and challenges the company's risk management framework and respective controls, processes and systems.

The primary responsibility for risk management resides at all levels within the Group, from the Board of Directors and the Executive Board down through the organisation to each line manager and functional head, and ultimately to each employee.

The control plans of the Julius Baer entities contain controls tightly related to the Global Minimum Standards laid down in a broad set of globally applicable policies. Such controls are defined as Global Minimum Controls and are part of the entities' key controls. Besides those, entities have local key controls adapted to their particular business model, business and regulatory environment. Independent quality reviews of the key controls performed by the first line of defence ensure a safe and sustainable business practice, both at an entity level and from a consolidated supervision perspective at Julius Baer Group level.

### Compliance framework

The Compliance framework consists of distinct pillars: (1) global Compliance programme annually approved by the Executive Board, (2) global Compliance policies with Global Minimum Standards that must be implemented in all entities of the Group, (3) periodic Compliance training, (4) global key minimum controls, (5) periodic risk assessments and (6) regular reporting and communication.

The key focus areas are:

#### Prevention of corruption and money-laundering

Anti-corruption and anti-money-laundering (AML) processes form an integral part of the Code of Business Conduct (see page 8), and corresponding policies are defined and implemented in all entities of Julius Baer, with regular awareness training held for all staff. These include but are not limited to the client acceptance policy defining the client risk categories

and corresponding approval processes, Know Your Client (KYC) policy, anti-corruption and AML policy, anti-bribery policy, sanctions and embargoes policy etc. All these policies define global standards that are implemented in all entities of the Julius Baer Group.

Specified controls are designed to identify and manage any corresponding risks:

- Client onboarding includes an assessment of the clients' risks and triggers approvals at defined (senior management) levels.
- Compliance performs independent checks of high-risk relationships (such as politically exposed persons (PEPs), risk countries, sensitive industries, large clients) during the onboarding and periodic reviews.
- Electronic transaction monitoring systems are implemented to identify unusual transactions that need to be assessed. The parametrisation of these tools take client risk indices, type and size of the transactions as well as a change in behaviour into account. We are regularly reviewing these systems and parameters and implement changes when required. As part of the global anti-money laundering framework programme, Julius Baer is committed to making further substantial investments to enhance or upgrade our current systems.
- Ongoing name screening against a globally accepted list of exposed persons (such as PEPs, sanctioned persons, convicted criminals) is being performed.
- A payment filtering system ensures compliance with sanctions and embargoes.
- A Group-wide policy on gifts, entertainment and anti-corruption measures is issued with a corresponding compliance framework.

All transactions (defined as asset in- and outflows, e.g. payments or securities deliveries) are being monitored by Julius Baer's electronic transactions monitoring system. In case pre-defined parameters are met, an anti-money-laundering alert is being generated that must be analysed and documented by the relationship manager (RM) and his or her superior. Compliance monitors timely completion of the clearing of these alerts and checks its quality on a sample, risk-oriented basis. In addition, all in- and outflows on the client accounts are screened against the sanctions/embargoes list.

We are continuously monitoring the regulatory development in this area and adjusting the above framework when required.

### Tax Compliance

Julius Baer has established a client tax compliance framework some years ago and further developed it since then. Julius Baer does not provide assistance to clients in acts aimed at breaching their fiscal obligations. We also have made necessary preparations for global developments, such as FATCA and Automatic Exchange of Information, as well as tax offences seen as a predicate to money laundering based on the FATF standard. In addition to regular communication to clients about upcoming changes, our employees have been trained and a compliance monitoring programme is being rolled out.

### Regulatory and cross-border risks

The Group has established a comprehensive framework consisting of cross-border country manuals, training programs and a monitoring concept for the material markets we do business in, so as to ensure compliance with local regulations when offering financial services and interacting with clients from those countries. We are consistently monitoring the developments in these markets so that our policies and processes are up-to-date.

### Training

Our in-house training facility, Julius Baer Academy, has established a comprehensive framework ranging from staff induction training, to periodic refreshers, to special training on specific subjects, people's development, leadership, business specifics, etc. Many compliance-related topics are included in the different modules, and every year, money-laundering prevention is integrated in the Compliance refresher training for all business staff. In 2016, a special focus was also placed on FATCA and the tax compliance framework.

Besides the periodic Compliance training of all front office staff (with an annual focus on money laundering prevention), the ExB members also receive training on money-laundering prevention.

In addition, the revision of AML standards (e.g. KYC standards) is regularly being discussed at ExB level. The ExB has also approved the launch of the global AML framework programme with the strategic goals to review the current standards, make substantial investments into tools and processes to strengthen the money laundering prevention framework and to improve the quality of KYC information. Communication and training initiatives at all levels (e.g. from the ExB to the individual RM) are important measures to support this global programme.

### Information security

The safeguarding of our client confidentiality as well as the availability of our services to our clients and counterparties are key priorities for Julius Baer. Julius Baer thus maintains a strong, state-of-the-art information security programme, which is a formal component of the overall risk management framework. It addresses the current risks and prepares us for future threats. This ensures a sound, effective and efficient protection of data as well as continuous operation. The risk management framework ranges from the strategic to the operational level.

At the strategic level, an ExB security subcommittee decides annually on the three-year security road map and mitigating actions for escalated risks. It reviews the medium- term challenges to Julius Baer's standing in a rapidly changing, complex environment. The ExB as well as the Audit Committee of the Board of Directors take note of the roadmap and are regularly informed about current threats and progress in the implementation of measures. At the tactical level, the Security Program Board drives the enforcement and remediation initiatives, and the IT Risk Management Committee deals with the risks related to information security in the IT area.

Further, a Cyber Risk and Threat Management Committee continuously monitors the cyber-threat landscape and escalates developments that require

action or remediation. Finally, at the operational level, a variety of specialist units ensure the implementation of measures in their daily operations. These include a dedicated Security Operations Center, a data leakage prevention unit, as well as active involvement of the security specialists in projects. Key controls ensure continuous monitoring of areas with heightened risk exposure.

Some key aspects in the information security framework are the notions of do-it-right-the-first-time (security is embedded in the processes to ensure that an adequate security level is implemented), transparency (which makes security measurable and manageable), and people-centric security (secure behaviour is part of the corporate culture). This last aspect, in particular, is a key measure to maintain and improve the level of information security. With broadly rolled out internal awareness campaigns we sensitise our staff continuously. Access to critical data is provided according to the need-to-know / need-to-do principle. Access to data by administrators and power users is being monitored and logged.

Security incidents are handled and processed according to the IT Service Continuity Management plans based on the regular IT incident management process. The processes are well established and are constantly being refined, taking into account both real incidents and contingency management exercises.

In summary, Julius Baer maintains an adequate, effective and efficient set of measures and processes, both to comply with respective data protection rules and to safeguard the appropriate business and client confidentiality and the continuity of operation.

Additional information, including details on the Operational Risk Management framework and the Business Continuity Management, can be found in the respective section of the Annual Report 2016.



### **Integrity Line**

After implementing the setup of an external integrity platform (named Integrity Line) in Switzerland, Singapore and Hong Kong in 2015, we initiated the rollout to other international locations in 2016 to enhance our already existing internal reporting channels. The platform allows anonymous reporting of incidents by the employees and is going to be available in all locations by the end of 2017. Beyond compliance with internal policies, laws and regulations, the reporting platform also addresses issues such as human resource concerns. As local requirements may vary, a global minimum standard can be further adjusted to local needs.

### **Prohibited war material producer exclusion**

In line with the international conventions, Julius Baer recognises the manufacture of prohibited war material (nuclear and bio-chemical weapons, landmines and cluster bombs) as violating the fundamental humanitarian principles. This issue is therefore being addressed in a group-wide policy and a blacklist of prohibited war material producers with associated comprehensive monitoring processes across all business units.

### **Communication on the product and service offering**

Being active in the business of private banking, we comply with the consumer protection rules in the financial industry, following strict guidelines set by regulators in our various booking locations. Individual contact with our clients is done through our RMs, and so we mostly rely on our client-facing staff to transparently and accurately communicate the relevant aspects of our product and service offering. We therefore offer a comprehensive range of training modules for our staff (see 'Training and development' on page 21), and also provide standardised information to our clients explaining special risks in securities trading as well as brochures on the pricing of our various service models.

## SUSTAINABLE PROCUREMENT AND MARKETING

In keeping with Julius Baer's commitment to sustainable business practices, we believe that in addition to offering best value for the money and being made and processed according to high quality standards, the goods and services we purchase should have a low environmental impact during their life cycles as well as comply with the Julius Baer Code of Business Conduct and the international norms on human and labour rights, health and safety, and corruption prevention.

Included in our standard contract documentation, we have for a number of years extended our expectation for business partners (suppliers, subcontractors and other service providers) to maintain such standards not only in their dealings with Julius Baer but also with their clients, intermediaries, employees, competitors and public authorities. We expect them to comply with relevant laws and regulations, offer fair employment conditions (in accordance with international human rights standards), maintain high integrity in their commercial dealings and strive to minimise adverse effects on the environment.

During 2016, in order to reinforce this practice and proactively consider sustainability aspects when selecting our partners, we have conducted a review of the material commodity (product and service) groups that we procure<sup>8</sup>, to:

- identify intrinsic social or environmental risks associated with these products or services
- integrate the respective standards into the existing sourcing process
- assess the existing business partners that provide these products or services for compliance with the defined standards, and, based on the feedback, decide on the follow-up steps

A set of specific social and environmental standards has been elaborated for these commodity groups to allow for tangible implementation into the business partner selection and contracting process. A formal policy on this, including details on the monitoring process and actions in case of non-compliance, is being finalised.

Additionally, we have defined specific minimum standards for sponsoring activities conducted by all business units Group-wide, formalised in a respective policy. As such, Julius Baer does not engage in sponsoring activities that:

- infringe on human rights and involve child labour
- exert an influence on political decision-making processes or involve political and controversial issues
- have a religious background or offend moral, religious or ethical sensibilities
- are environmentally dubious and can cause adverse environmental effects
- involve any kind of danger

Details of formal guidelines for events are being elaborated and will be finalised during 2017.

<sup>8</sup> IT hardware and software, catering, dispatch, furniture, as well as cleaning and construction services

# SOCIAL RESPONSIBILITY

## OUR EMPLOYEES

We are in a people’s business, passionate about what we do and about our employees, and fully committed to long-term success. Our concept of the employment life cycle is based on our people, our underlying core values and our strong culture.

Hence, the well-being of our employees, the creation of a progressive working environment, and the development and retention of our staff are of utmost importance.

At the end of 2016, Julius Baer had 6,025.9 employees (full-time equivalent or FTE), most of them in our two home markets: 54% in Switzerland and 22% in Asia.

In 2016, the number of employees increased by 12% or 661.9 (FTE), taking into account 144.4 (FTE) joiners from the acquisition of Kairos Investment Management, 168.9 (FTE) joiners from the acquisition of Commerzbank International S.A. Luxembourg (CISAL) as well as the natural

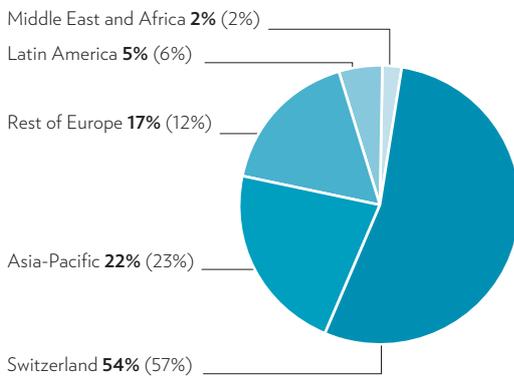
employee fluctuation. At the same time, the employee gross turnover was at 11.3% in relation to the average overall headcount (0.7% of the employees went into retirement during 2016), which is normalising after the effect of the integration of the Merrill Lynch International Wealth Management (IWM) business outside the US.

The overall share of part-time employees amounted to 10.1% at the end of 2016. During the year, 3.7%<sup>9</sup> of male and 19.3% of female employees had worked part-time.

Our employees enjoy long-term career opportunities within Julius Baer, and our goal is to retain them so that Julius Baer as an employer can sustainably develop through organic growth. We promote initiative and entrepreneurship of the individual and encourage our employees to broaden their involvement beyond the direct goals of their team and create a highly conducive work environment. In 2016, almost half of our employees (49.5%) had been with the company for over five years.

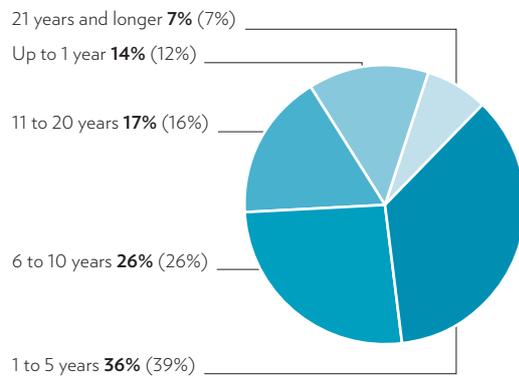
### Julius Baer employees (FTE) by geography as at 31 December 2016

(31 December 2015)



### Tenure of our employees (based on headcount) as at 31 December 2016

(31 December 2015)<sup>10</sup>



<sup>9</sup> Compared with the previous year there was a significant drop in the male part-time ratio (8.6% in 2015). This is attributable to the processing of the voluntary contributions from executive and senior management to the redundancy programme (Corporate Sustainability Report 2015, p. 21).

<sup>10</sup> Corrected figures for 2015 employee tenure (G4-22).

We attach high importance to establishing a working environment of equal opportunities and actively fostering cultural openness. We pursue an all-encompassing non-discriminatory employment approach, as indicated in Our Professional Standards – Code of Business Conduct<sup>11</sup>, which reflects Julius Baer’s international and multicultural footprint.

“Nowadays, we hear more and more that a company’s stance on social and environmental issues plays a significant role in choice of employer. Julius Baer, being a company with strong commitments in community engagement, charitable activities and preservation of resources, is an organisation I feel proud to be part of it.”

**Jennifer Ho, Corporate Services Hong Kong and active member of Julius Baer Cares Hong Kong**

### Employee well-being

A strong focus is placed on the health of our employees, and so we actively address topics such as work-life balance, healthy diet at the workplace, stress and burnout prevention, sports and ergonomics. In 2016, we launched a lunch & learn format to advise our employees on health-related topics such as mental fitness and ergonomics. We also introduced a lunchtime mindfulness/meditation course<sup>12</sup>. We provide regular free health checks for employees over 40 years of age as well as free yearly flu vaccinations in Switzerland, Hong Kong, Singapore and the United Kingdom.

To better deal with personal problems and social issues that might arise for our staff, Julius Baer collaborates with a specialised external company. This service is available as direct contact partner to all Switzerland-based employees who require a confidential advisory centre for personal problems.

The employee stays anonymous and the service is free of charge. Additionally, to prevent stress-related issues, Julius Baer Academy offers dedicated courses in Germany, Switzerland and Singapore.

In 2016, we recorded a total average of 4.5 illness days per employee in Switzerland<sup>13</sup> (vs 4.6 in 2015).

In future, we intend to further extend our health offering in order to better ensure the health of our employees and to reduce illness days. We aim to strengthen our offering related to the working environment and continuously improve on flexible working options, so as to support the balance between the various personal engagements, such as family or leisure activities, and professional life.

Already now, our employees in Switzerland have the chance to adapt their contractual working hours to their individual lifestyle needs over a defined period of time through such measures as reduction of employment level, purchase of additional leave days or unpaid leave – without negative impacts on risk insurance coverage.

We also strive to meet high standards in the design of the workspace. This means continuously taking steps to create and maintain a modern office infrastructure, as well as advantageous layout and materials for offices, plants, ergonomic furniture and office tools.

### Rewards and benefits

Julius Baer rewards employees<sup>14</sup> for excellent performance as well as for ensuring regulatory compliance and exemplary behaviour that will promote the long-term sustainable success of the firm. The salary structure is matched to the level of responsibility, reflects the market benchmark and is on a competitive level in all of our locations. Global role classification models are used to determine salary ranges for employees’ functions. For details of Julius Baer’s compensation landscape, please refer to the remuneration section within the Annual Report 2016<sup>15</sup>.

<sup>11</sup> [www.juliusbaer.com/ourprofessionalstandards](http://www.juliusbaer.com/ourprofessionalstandards)

<sup>12</sup> The sessions took place in Zurich-Altstetten

<sup>13</sup> Consistent data are limited to Switzerland at the moment, but we intend to improve over time the data availability from international locations.

<sup>14</sup> The majority of part-time employees (working 40% or more) enjoy the same fringe benefits as full-time employees. The regulations for temporary staff on a fixed-term contract up to 12 month differ.

<sup>15</sup> Chapter 2 of the Annual Report 2016 under [www.juliusbaer.com/reports](http://www.juliusbaer.com/reports)

The employment package for Switzerland, valid for about 54% of Julius Baer's total number of employees, is the company's guiding framework. Over the years and in parallel to the company's organic and inorganic growth, it has evolved into an attractive market-oriented, performance-based compensation system – including equity participation plans, fringe benefits and innovative pension solutions, as well as competitive benefits concerning insurance coverage, health care, paid holidays<sup>16</sup>, parental leave and discounts for public transport.

Parental leave is offered according to local legislation but is often surpassed. With local requirements being different in every country, the Swiss regulations for parental leave are serving as a guiding principle for locations abroad. For example, in Switzerland we offer maternity leave of 20 weeks and paternity leave of one week, as well as adoption leave. In 2015, 123 women were on maternity leave, and 98 of them (80%) still worked at Julius Baer as at mid-year 2016<sup>17</sup>. Adoption leave is also offered in Hong Kong and Singapore in addition to maternity and paternity leave for the employee who is responsible for the predominant care of the child at home immediately after the adoption.

Beyond that, as a family-friendly employer, Julius Baer in Switzerland financially supports childcare for working parents, as well as when a parent is widowed or is temporarily unemployed.

We also encourage the use of public transportation to and from work by subsidising local transport subscriptions for our employees in Switzerland, in the UK and in certain other countries.

Through Julius Baer's support of the employee-driven Sports and Leisure Associations in the Zurich, Geneva and Lugano areas, a broad range of physical, mental and educational activities are promoted to and participated in by the staff. In other Swiss locations as well as in certain countries internationally, Julius Baer contributes to an annual fitness membership. Julius Baer Staff Clubs in Hong Kong and Singapore organise social events and team up with restaurants, hotels and other establishments to bring staff exclusive offers.

## Training and development

The professional and personal competence of our employees is at the heart of the success of our business, and crucial for the ongoing employability of our staff. Through the Julius Baer Academy<sup>18</sup>, we ensure the continued individual education and training of our employees. The curriculum includes internal training courses in fields related to the banking business as well as talent and leadership development, which fosters our behaviour and culture.

With the so-called 'Coach Approach to Leadership', Julius Baer acknowledges that a leadership style building on trust and continuous improvement is a requirement in our business. A top Executive Coach is training all Senior Managers (direct reports to the Executive Board) in five training days and by individual, one-to-one coaching on how to build relationships with their team members. A pilot program showed that the employees coached by the participating managers were strongly benefiting in terms of capabilities, confidence and a sense of belonging. The full coverage of around 80 Senior Managers that are part of this programme is expected in 2018.

We offer and encourage employees globally to participate in suitable in-house programmes as well as to pursue external training. The internal training comprises classroom sessions, physical or virtual and web-based training. Employees choose the type of training to strengthen their professional and leadership skills, and according to their strengths, functions and development plans. Professional skills training covers topics such as banking knowledge, technical skills related to tools and systems, personal effectiveness, communication, negotiation and project management.

Particular attention is given to ensuring that employees are aware of the risks in the wealth management business and comply with the relevant rules. On a mandatory basis, every employee has to pass web-based training units related to compliance and risk, covering topics such as AML efforts or information security. RMs are naturally the employee

<sup>16</sup> For our employees in Switzerland, for example, this amounts to a minimum of 25 business days.

<sup>17</sup> Some of the women on maternity leave in 2015 had had their absence already start in 2014

<sup>18</sup> Locally present in Switzerland, Singapore and Hong Kong

group with the largest needs in terms of risk and compliance related training. A classroom-based yearly compliance refresher was conducted in 24 countries for a total of 1,106 RMs in 2016. 1,062 mandatory e-learning and 3,264 country manual e-tests were successfully passed by relationship managers. These cover much of the cross-border business requirements. Additionally, employees regularly need to complete other mandatory training units based on their job profile, so as to ensure continuously high competency standards.

In 2016, 1,549 formal classroom sessions<sup>19</sup> were conducted, which amounts to 12.4 hours per employee<sup>20</sup>. Overall, the classroom training sessions received a satisfaction rating of 87% on average from the course participants, which means that the contents were business relevant, the learning objectives were achieved and the knowledge transfer was effective.

Specifically targeting our client-facing staff, Julius Baer has set up its own RM Curriculum in conjunction with local regulatory requirements. Given the high number of newly hired RMs, the three-day 'Advisory Camp', which reflects Julius Baer's understanding of excellence in providing holistic investment advice, was also conducted in Asia. As more countries ask for a certification of RMs, Julius Baer has committed to go beyond the minimum regulatory standards<sup>21</sup> and have all advisors based in Switzerland go through the ISO-17024 certification (Certified Wealth Management Advisor CWMA) to assure quality. RMs in Singapore, Hong Kong and the United Kingdom are licenced and have to adhere to minimum training, examinations and continuous personal development standards as set out by the local regulators, in addition to bank-internal training requirements.

## Nurturing young talents

The area with the single longest educational history at Julius Baer is the apprentice programme. As part of the vocational training system in Switzerland, for decades now, each year a number of secondary school graduates take the challenge of the three- or four-year programme. Via a versatile combination of on-the-job and formal off-the-job training, Julius Baer ensures that apprentices are well prepared to enter professional life and ready to become part of the next generation of employees of the company.

In Zurich, as at the end of 2016, Julius Baer employed 39 apprentices in commercial or information technology (IT) education. As in other years, our apprentices were successfully above average in their final exams, which attests to the quality of our programme. Julius Baer offered a working contract to all apprentices graduating and interested in staying with us.

'The six different teams, where I completed my education, rank among the highlights of my apprenticeship. My supervisors and other experienced colleagues always looked at me as a reliable partner, which has taught me self-confidence. A further highlight and exceptional experience were the three integration camps for apprentices. Apart from the teambuilding during the camps, I particularly enjoyed working with a personal coach.'

**Mark Wittmer (completed Apprenticeship from 2013 – 2016)**

Additionally, every year, Julius Baer offers an opportunity to ten university graduates through our Graduate Programme to enter the world of private banking in the areas of Advisory Solutions & Investment Management, IT and business

<sup>19</sup> Consisting of at least one day of training

<sup>20</sup> E-learning can be done at individual speed and is not included here, nor are team-based learning sessions part of the calculation, although these formats play a significant role in smaller branches of our company.

<sup>21</sup> This will meet the requirements of the upcoming law on financial services (FIDLEG) in Switzerland. Detailed information about FIDLEG (or the Financial Services Act (FinSA)) is available under [www.efd.admin.ch](http://www.efd.admin.ch) (Federal Department of Finance)

management support. A lot of attention is paid to individual preferences of the graduates regarding work assignments, so as to find the best fit and foster the professional development of each participant. As part of this programme, the graduates have the unique opportunity to work abroad in one of the Julius Baer locations through a six-month international assignment. Further, all our graduates have a mentor supporting them as an independent contact person.

‘The Graduate Programme at Julius Baer allowed me to explore different areas of the bank as well as to pursue an international assignment in Singapore to gain some international working experience on top. The learning opportunities were diverse: While my managers were always happy to clarify any open questions and to provide constructive feedback on the job, there were many internal educational opportunities that shaped my soft skills. Finally, I could count on the strong support by the Programme Manager as well as a personal mentor and my fellow Graduates represented a great exchange platform throughout the Programme.’

**Diana-Lucia Truong**  
(completed the Graduate Programme from 2014 - 2016)

### Performance management

In our high-performance culture, each employee works towards specific and individually assigned goals and is held accountable for achieving those targets not only from an individual perspective but also at the levels of the Group, business area, department and team. Julius Baer runs a comprehensive system for Performance Management (‘Management by Objectives’), which, besides setting and reviewing targets, also fosters communication between employees and their

managers on other subjects of importance. Adherence to corporate values, feedback on the employees’ competencies, identification of learning needs, employees’ career goals and growth potential are all included in the yearly performance review.

### Employability and redundancy management

Julius Baer is committed to being a responsible employer in a world full of complexity and uncertainty. In a fast-changing environment that has strong impacts on the financial planning activities of a company and sometimes results in unavoidable cost-saving initiatives, we believe that it is of utmost importance to maintain a package of measures in connection with redundancies.

To provide for the event of restructurings resulting in collective lay-offs, we have set up a new social plan<sup>22</sup>, which is applied in case of restructuring-related terminations. Formulated for Switzerland, the social plan applies in a locally adjusted manner in other countries as well while respecting local legislation and market practices.

The programme commonly offers several benefits like severance pay, external outplacement service and financial support for training that will improve individual employability. In Switzerland in particular, employees whose position is eliminated in line with the social plan and who are eligible for an early retirement are given a deposit/injection into their pension fund savings, aiming to reduce their loss in lifelong pension.

In 2016, the social plan was applied to more than 110 employees globally. Even though most of them have found a new position, for some employees the termination created serious difficulties with regard to their financial situation (despite the social plan benefits) or their limited employability due to personal circumstances. To support such employees by an extension of

<sup>22</sup> On 18 November 2016, the Association of Swiss Banking Employees signed the new social plan, the so-called New Placement Process (NPP) with Julius Baer

the notice period, intense internal and external coaching or additional financial assistance, Julius Baer decided to use, for a second year in a row, a dedicated fund created by voluntary financial contributions of the company's executive and senior management.

As communicated in our previous report, Julius Baer intends to focus on preventive employability activities such as training and workshop offerings in the context of career review and coaching. In 2016, we conducted an 'employability check' pilot with an external provider, where 20 employees in Switzerland from the Chief Operating Officer division and Human Resources were invited to participate. The positive feedback of participants and coaches of this pilot will help us to structure the offering and related activities in 2017.

### Dealing with adversities

Trust and credibility are imperative in all activities with our various stakeholders, and they are an integral part of our values and professional standards, as discussed in the Code of Business Conduct. However, we acknowledge that issues between people can arise in everyday activities, despite the best of intentions. Objective and sometimes heated debates are signs of a vigorous, self-renewing and open company. But when differences threaten to get out of hand, employees have access to various units that can help resolve the situation through mediation with internal and/or external support.

Generally, our employees are encouraged to discuss workplace issues with the direct line management and/or Human Resources. Whenever this cannot be done, other channels remain open to report a concern or a complaint, such as contacting the Group's Ombudsman or filing the case through the Integrity Line (see respective section on page 17).

We also have issued directives designed to prevent discrimination, sexual harassment and workplace bullying. Employees who are the victims of the

forementioned violations, or who observe such behaviour being directed at third parties, can contact their line manager and/or Human Resources. We attach the greatest possible discretion and confidentiality at any time. The investigations may however require the involvement of additional persons, such as the Group's Ombudsman or third parties, including authorities. Any involvement of such further persons or bodies is aligned with the affected employee to the extent possible. Depending on the gravity of the issue, we take disciplinary or other measures, including the termination of employment and/or initiating legal proceedings.

### People and diversity

Julius Baer is proud to employ people from 103 different nations. Their unique backgrounds, skill-sets, experiences and capabilities give us a broader perspective on different topics and help us to better understand today's complexities. Further, we are committed to equal opportunities for our employees and applicants, as is specifically addressed in the Group's Code of Business Conduct. Any direct or indirect discrimination because of age, gender, sexual orientation, affiliation to an ethnic group, nationality, religion or belief, marital status, pregnancy, disability or other circumstances or characteristics worthy of protection is regarded as gross misconduct. Proceedings and sanctions in case of discrimination apply as described in the preceding chapter ('Dealing with adversities').

We recognise the need for improvement when it comes to gender balance in our workforce. Unfortunately, this is an issue inherent to players in the financial industry, especially at management level. But we also see steady improvement in this regard since 2009. Over the past years, the share of women in overall staff numbers has continuously increased to reach 41.2% (vs 40.8% in 2015). Additionally, the number of women with senior ranks<sup>23</sup> (Director and above) increased from 17.6% in 2009 to 25.9% in 2016 (vs 24.5% in 2015). In 2016, we continued to conduct an internal analysis to assess our standing on female and male employee compensation. The results

<sup>23</sup> Compared with the total FTE number in these ranks

showed a reassuring picture, with only a small number of discrepancies, which we are addressing case by case. As of June 2016, Ann Almeida<sup>24</sup> joined the Board of Directors, which doubled the representation of women at the Board level.

### Representation in employee/employer associations

In Switzerland, Julius Baer is subject to the Agreement on Conditions of Employment for Bank Employees between the Employers Association of Banks in Switzerland, the Swiss Bank Employees' Association and the Swiss Association of Commercial Employees. Julius Baer is represented in various committees of the Employers Association of Banks in Switzerland, which actively fosters the continuous dialogue between the social partners in the Swiss banking industry. In international locations, common procedures apply as required by local laws and practices.

## COMMUNITY ENGAGEMENT

Giving active support to social causes has always been an important part of Julius Baer's corporate culture. Today, with a broad international network of locations, Julius Baer places strong emphasis on engaging in a variety of ways in the local communities in which we operate:

- The Julius Baer Foundation serves as the formal philanthropic arm of the Julius Baer Group
- Julius Baer Cares encompasses bottom-up community engagement organisations set up and driven by employees in Hong Kong, Singapore, Switzerland, Uruguay, Panama, UK and Ireland as well as Guernsey
- The Julius Baer Art Collection specialises in works by contemporary Swiss artists, or artists living in Switzerland
- Julius Baer also supports a wide spectrum of cultural activities through sponsoring channels

Additionally, during the past year, the Corporate Sustainability department set up a collaboration with Social Entrepreneurship Impact & Finance ('seif') to offer an opportunity for our staff to become mentors

for social entrepreneurs in Switzerland. seif supports social entrepreneurs by offering to them financial programmes, consulting and training, according to their needs and stage of development. The impactBOOST mentoring programme, as part of seif's offering, runs over a course of six months and puts together experienced professionals and individuals or teams developing innovative business ideas to respond to current social and environmental problems. 11 Julius Baer employees applied and qualified to be part of this initiative, which will run until May 2017. We hope that this will be just one of such cohorts, as Julius Baer sees the importance of supporting the social entrepreneurial movement.

With the aim to promote engagement by staff in the local communities, in 2016, Julius Baer established a structured approach to support volunteering projects by our employees around the world in defined categories of projects. As such, part of the time spent for such engagements is recognised in the form of paid days<sup>25</sup>.

### Julius Baer Foundation<sup>26</sup>

It is all too easy to take financial security, access to good education and health care, and a safe warm home for granted. While many of us enjoy a comfortable and secure existence, many others are not so fortunate.

Julius Baer is committed to making a difference to the lives of those living in places where even the most basic provisions are lacking. With the Julius Baer Foundation, the philanthropic arm of Julius Baer, we are able to make a greater contribution to the wider community and give back in a meaningful, focused and impactful way.

When the Julius Baer Foundation was established in 1965 by Walter J. Baer, its aim was to provide support to all forms of art, culture and science, along with carefully selected charitable causes within Switzerland. Today, our goal is to improve the lives of those who are contending with challenging circumstances but are determined to positively affect their own future and shape the world around

<sup>24</sup> Ann Almeida has held several top global management positions, mainly in the human capital area: amongst others, she spent 23 years at HSBC Holdings, where she was latterly Group Managing Director of Human Resources & Corporate Sustainability and a member of the Group Executive Board

<sup>25</sup> Up to two paid days per year per employee

<sup>26</sup> [www.juliusbaer.com/foundation](http://www.juliusbaer.com/foundation)

them. Our reach has also grown, and we are able to collaborate with over ten philanthropic projects worldwide, and two cultural events in Switzerland.

In 2016, the Foundation welcomed a new General Manager, Christoph Schmocker, who can look back on 20 years of professional experience in the areas of grant foundation and NGO management, fundraising and philanthropy advisory.

Under his guidance, the Foundation developed a new strategy, reconfirming vocational training as one of the focus areas and added recycling as another focus area, seeing it as a topic that will affect sustainable development in the context of the efforts to establish a circular economy. 2017 will see those core areas evolving into concrete projects and cooperation agreements with relevant partners around the globe.

The projects we will select will focus on helping young people between the ages of 15 and 24 on their way to becoming self-reliant, responsible adults. As a result, we want to positively impact not only this generation but also the generations to come.

In regard to the cultural events, during 2016, the Foundation continued its collaboration with the animation film festival Fantoche by awarding the Audience Award for the best International Film. In November, it endowed the newly created Post-Photography Prototyping Prize, or P3, in collaboration with the Fotomuseum Winterthur.

Additionally, using the guidelines of the Swiss Foundation Code adopted in autumn of 2015, the Foundation's Board decided to review the investments made using its capital to make sure that they do not conflict with the purpose of the Foundation. The Foundation is committed to investing its capital using a combination of ESG integration and mission-aligned investments.

The Julius Baer Foundation is an independent entity, governed by a seven-member board consisting of senior executives of Julius Baer and one external member.

### Julius Baer Cares

In parallel to the efforts of the Foundation, Julius Baer has a vibrant community engagement movement emanating from its employees. Proudly carrying the name Julius Baer Cares, the individual organisations are run on a purely volunteer basis by employees. They are basically independent from each other, yet share the same focus of *Caring for others* and *Caring for the environment* in their local communities.

In most of the locations, we saw continued support provided to the organisations selected by the staff in the previous year. Examples of some of the initiatives conducted throughout 2016 include:

- for a second year in a row, collection of business clothes in Hong Kong in support of the Suits for Success charity drive for underprivileged youths as they enter summer internship programmes
- a second one-day seminar conducted by our employees in the area of Zurich, Switzerland with students of the Semester of Motivation (SEMO) programme on the topics of 'Prevention of indebtedness' and 'Healthy dealing with social media'
- fund collection and volunteering support in Panama for Casa Esperanza, with the goal of assisting this local organisation in providing necessary support to children from underprivileged families
- a humanitarian response in Uruguay to a severe tornado that hit the city of Dolores, whereby the employees collected funds to send 80 sets of mattresses and blankets to the survivors of the natural disaster
- joint fundraiser of the employees in our Swiss and Latin American locations to assist the relief efforts in the wake of hurricane Matthew, which devastated Haiti in October 2016
- a fundraiser by our Singapore staff and a day in the local neighbourhood to provide food and supermarket vouchers to those living below the poverty line
- fundraiser organised by the employees in Zurich for the benefit of 'ethiopian enterprises', an organisation working towards alleviating poverty in Ethiopia, to set up water infrastructure at one of the local schools in the north of the country

- various activities organised by the employees in our London office to support Sick Children's Trust, an organisation that helps families with sick children in the UK by providing free, high-quality 'Home from Home' accommodation and emotional and practical support
- new volunteering engagement kicked off in the UK with The Tower Hamlets Business, Enterprise & Employability (BEE) Programme, which over the course of one year helps young people to develop their financial literacy skills. During 2016, our London colleagues accompanied students of Olga Primary School and, in a series of six workshops conducted in December, taught them about financial knowledge, enterprise skills and employability
- a group run in Zurich, Switzerland as a fundraiser for the benefit of Superar Suisse, a local organisation whose goal is to promote music, singing and dance to children and youngsters

'Guided by our firm commitment to investing into the next generation, Julius Baer Cares Singapore believes in contributing to communities in which we operate with the aim of creating sustainable and stable economies for the future. However, it is not how much we give back to the communities, but how much passion and happiness we put into giving.'

**Mattia Garatti, Risk Management Asia and chairman of Julius Baer Cares Singapore**

For all of the fundraisers organised by the employees during 2016, the Julius Baer Foundation was able to match one-for-one all the contributions, thus doubling the donations to the beneficiary organisations.

Julius Baer Cares volunteers paint the wall of the *Casa Esperanza* centre in Panama



Julius Baer Cares representatives with *SEMO* students in Zurich



# IN CONVERSATION WITH CHRISTOPH SCHMOCKER, GENERAL MANAGER OF THE JULIUS BAER FOUNDATION

## What attracted you to working at the Julius Baer Foundation?

I have spent the last twenty years working with philanthropic foundations and organisations, something that has been very rewarding on a personal level. I moved to South Africa in 2010 and the enthusiasm I experienced there really inspired me. I wanted to bring that inspiration back to Switzerland and use it to make a positive impact. Working at the Julius Baer Foundation provides me with an opportunity to use the skills and experience I have gathered during my career and build on the strong philanthropic tradition that has been established here.

The Julius Baer Foundation is one of the oldest foundations, especially within the context of the financial sector in Switzerland. Already in 1965, the Bär Family decided to share its success and wealth with the society. A few months ago, we went through an inclusive process with the current members of the Foundation Board to put in place three values for the Foundation, focused-autonomous-visionary, to complement the Core values of the Julius Baer Group.

The foundation also has a great partnership with the employee-driven Julius Baer Cares initiatives, which are run locally by our employees around the world as a way for them to give back to their local communities. It is very encouraging to see philanthropic engagement on every level within the Bank as we would like the Foundation to be a core part of our corporate culture and close to the hearts and minds of our staff.

## How can we encourage philanthropic engagement?

By starting a dialogue. When philanthropy becomes more openly discussed, its efficiency increases, as does the impact it can have and the number of people who want to contribute. It is interesting to note that in Switzerland, seven out of ten households donate to charitable causes, with each household giving in the region of 700 CHF per annum. There is a big culture of donation in Switzerland but on the whole, donations are made to smaller charities and clubs rather than larger philanthropic foundations. The hope is that we can take this to the next level with a more open discussion.

“The Julius Baer Foundation has a tradition of supporting the vocational training of young people. *ALBISBRUNN*’s training project is based on a solid value system combined with a carefully developed pedagogical concept, with the aim to motivate, enhance and enable boys and young men to become responsible for themselves and the community around them.”

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**Christoph Schmocker,  
Julius Baer Foundation**



Christoph Schmocker,  
General Manager of Julius Baer Foundation

# ALBISBRUNN

ALBISBRUNN was founded in 1924 to provide support and encouragement to young people whose development – personal, social and behavioural, or educational – was at risk. The aim is the same today as it was in those early days – to teach vulnerable young people how to look after themselves, interact meaningfully in society and master the skills that can help them earn a living. By creating a residential learning environment overseen by qualified social education workers, ALBISBRUNN helps young people to overcome their difficulties.

“I love to be outdoors, do manual work and learn a trade where at the end of the day I can see what I have achieved. ALBISBRUNN and its trainers help me a lot in this respect.”

**Flavio H.,  
a student at ALBISBRUNN**

The Julius Baer Foundation will be supporting ALBISBRUNN over the next three years. The donation will be used in two main ways: firstly to help renovate the five group houses, and secondly to support the vocational development of the residents. The group houses were built in the 1970s and are in need of modernisation. Just as the pedagogical methods of ALBISBRUNN have changed and developed in line with current practices, the houses need to reflect modern living. Once complete, the houses will offer private bedrooms and shared, open-plan living spaces, to encourage interaction, teamwork and a common understanding. Living in communal houses in small groups, the young residents of ALBISBRUNN learn how to shop, clean, cook and work as a team. They are also able to continue their studies or learn a vocation in small groups while receiving the guidance and support they need from their mentors.

Thanks to the education and support received from ALBISBRUNN, these young people can go on to live independent, responsible lives.

A location maintenance student taking care of the residence premises



A student training to be a metal-worker



### Sponsoring activities

Selecting first-class platforms with credible partners<sup>27</sup>, Julius Baer focuses its sponsorship activities on the topics of culture, sports and business.

With our global partnership of the FIA Formula E Championship, we support the aim to represent a vision for the future of the motor industry, serving as a framework for research and development around the electric vehicle, accelerating general interest in these cars and promoting clean energy and sustainable mobility. In order to raise awareness of the important environmental messages key to the protection of the planet, Julius Baer has commissioned a special iceberg livery for the Formula E Showcar to celebrate Earth Day, which was auctioned for the Prince Albert II of Monaco Foundation. In addition, Julius Baer has supported Project Ice with the aim to create a visual link between the threat of global warming and the impact electric cars can have on reducing CO<sub>2</sub> emissions.

Besides our global partnership with the FIA Formula E franchise, Julius Baer supports a variety of art and music events, ranging from Art Dubai, Städel-Museum in Frankfurt and Manifesta 11 in Zurich, to the world-renowned Verbier Festival and Lucerne Festival at the Piano, to name but a few.

Julius Baer is also proud to be the sponsor of the Singapore Corporate Awards (SCA). These awards recognise the commitment of listed companies and individuals in Singapore to the highest standards of corporate governance and disclosure.

### Julius Baer Art Collection<sup>28</sup>

The Julius Baer Art Collection specialises in works by contemporary artists of Swiss nationality, or artists who live in Switzerland. The Art Committee, responsible for the acquisitions, pursues the concept of promoting young talents. At the time of the first acquisition, the artists are often at the beginning of their career. This collection strategy has resulted in an extremely interesting and representative body of work, covering all areas of the Swiss artistic endeavour across 35 years.

Julius Baer's approach to art acquisition promotes the preservation of visual art in Switzerland. Today, the collection encompasses over 5,000 works and contains pieces by leading Swiss artists such as John Armleder, Silvia Bächli, Lutz & Guggisberg, Markus Raetz, Pipilotti Rist, Ugo Rondinone, Roman Signer, to name but a few.

Most of the artworks are on display for employees and clients in meeting rooms, offices, canteens, foyers and corridors at all premises of the Bank around the world (50 locations in 25 countries). Art is something to be experienced daily, and it is an integral part of our corporate culture. By displaying art in the workplace we open a dialogue among people. Art is a good starting point for an exchange of views and offers new perspectives.

From time to time we lend certain works of art to museums for their exhibitions, usually for a few months and primarily in Switzerland.

<sup>27</sup> The sponsorship contract process and documents are in place to ensure the quality of sponsorship contracts and include the Code of Conduct for business partners.

<sup>28</sup> [www.juliusbaer.com/art-collection](http://www.juliusbaer.com/art-collection)



## PUBLIC POLICY

As an engagement unique to Julius Baer's home market of Switzerland and a way to support and foster the direct democratic system there, the company actively supports political participation of the local staff. In order to facilitate this, we established a framework, with respective internal policy, which enables flexible time management for employees' engagements at any political level and in any established political party in Switzerland. Additionally, in order to encourage dialogue on economic, social and political issues, we organise for our Swiss-based employees on a regular basis panel discussions with leading national politicians of all major parties in the lead-up to national referendums. These events provide our employees with different points of view on the topics to be voted on.

Julius Baer highly appreciates the work of Swiss political parties, and as they are mainly funded by private means, we consider it our responsibility to support them financially on a project-by-project basis, whenever we identify certain initiatives to have an economic link. Furthermore, we contribute financially to political engagements indirectly through our SBA membership (see below). The total funds spent on political contributions in 2016 corresponded to a low six-digit amount.

With the goal to increase awareness about the mechanisms of the Swiss political system, we occasionally also provide ad-hoc funding for studies from independent research institutions. Past examples were the studies 'Parlamentswirkung 2011 – 2015' on parliamentary impact and 'Bausteine zur Stärkung des Schweizer Politsystems' on how to strengthen the Swiss political system, both by gfs.bern.

Julius Baer also takes an active part in dialogue with regulators and representatives of political parties. Furthermore, we are a member of various business associations and umbrella organisations that play a part in shaping the political opinion on issues affecting the financial industry and which represent their members' shared interests in the governing bodies. A core objective is to position the private banking sector as a key export industry of Switzerland.

#### **Swiss Bankers Association (SBA)**

This sectorial umbrella organisation represents the interests of Swiss banks in the political process. We are represented on its board by our CEO, who is also heading the Steering Committee 'Private Banking' within this organisation. Julius Baer is also participating in various expert committees and working groups of the SBA through our various internal experts.

#### **Association of Swiss Asset and Wealth Management Banks (VAV)**

This association comprises about 30 independent banks that are mainly focused on wealth management and domiciled in Switzerland. VAV represents these banks' shared interest in the governing bodies and committees of the SBA and vis-à-vis the authorities, giving them a voice in matters of banking policy. Our CEO chairs the board of the VAV and our Head Public Policy is its Managing Director.

#### **Employers Association of Banks in Switzerland**

This association represents the interests of its members related to employment conditions. Julius Baer is a member of this association.

#### **World Economic Forum (WEF)**

Julius Baer is actively collaborating with the WEF in the workgroup focusing on the topic of the future of financial services, participating in the analysis of how disruptive innovation is reshaping the way financial services are structured, provisioned and consumed.

#### **Avenir Suisse**

The foundation Stiftung Zukunft Schweiz, also known as Avenir Suisse, is an independent think tank based on the Anglo-Saxon model. It develops ideas for the sociopolitical and economic development of Switzerland and consistently represents a market economy perspective and liberal views of society and the world. Our Chairman is a member of its Board of Trustees.

# CARING FOR THE ENVIRONMENT

## ENVIRONMENTAL EFFICIENCY FRAMEWORK

Conscious management of Julius Baer's environmental footprint is a fundamental part of our Corporate Sustainability framework. Based on the goals defined in the summer of 2015 (see below), we are making tangible progress in both optimising the efficiency of our infrastructure as well as sensitising our employees about their daily habits.

Other topics covered in the set goals address the general management of and standards for renovations, office space and furniture selection.

In 2016, the Group's emissions amounted to approx. 13'000 tonnes of CO<sub>2</sub> equivalents, a 9% increase compared to 2015. While overall electricity usage remained stable, the heating consumption was higher than in the previous year due to a colder winter. Business travel was 12% higher on a miles/FTE basis, which was the main driver of the overall

increase in the Group's CO<sub>2</sub> emissions. As a number of infrastructure efficiency improvements were initiated in 2016, we expect to see a positive effect on Julius Baer's environmental footprint in the next reporting cycles.

Since the biggest part of the Group's carbon footprint originates from our operations in Switzerland, and the level of possible influence for change by Julius Baer is highest here<sup>29</sup>, that is where we still see the highest priority for implementation of the optimisation measures. However, additional potential for improvements was identified at our larger international locations as well and is being realised project by project.

In addition to taking steps to minimise our footprint, as of 2015, Julius Baer operates as carbon-neutral through the purchase of CO<sub>2</sub> compensation certificates. We support two projects with clear sustainable social benefits fulfilling the stringent criteria of the Gold Standard<sup>30</sup>. One of them provides chlorine dispensers for safe water in Uganda, and the other funds efficient cooking stoves in rural communities in Ghana. The projects tackle a number of problems, including deforestation and increasingly scarce firewood, health issues associated with drinking unclean water, as well as respiratory problems caused by air pollutants from burning wood inside the homes. Additionally, we compensate the carbon footprint associated with the

The goals, set for 2015-2020 for the overall Group (using 2014 as the base year), include but are not limited to:

### Energy

- reduce total usage by 10%
- buy 100% of electricity (wherever possible) from renewable sources

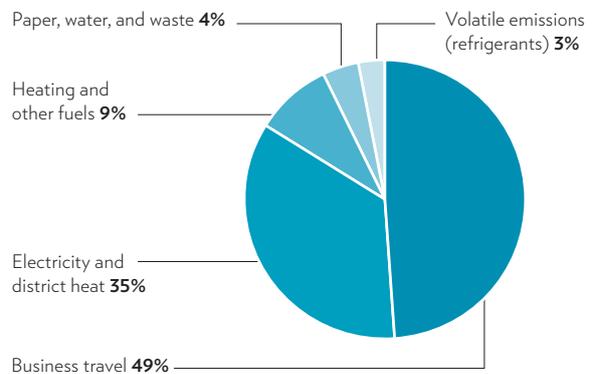
### Water

- reduce total usage by 5%

### Waste, recycling and cleaning

- establish and implement a comprehensive waste management and recycling concept
- based on the above, set up the respective waste management and cleaning guidelines

## The Group's CO<sub>2</sub> emissions breakdown by source as at 31 December 2016



<sup>29</sup> Locations in Switzerland cover almost 60% of Julius Baer's employee base. More than 70% of Julius Baer's total office space is located here, to a large extent in buildings owned by Julius Baer, and 44% of total CO<sub>2</sub> emissions from electricity are generated in Switzerland – allowing more influence on how things are implemented.

<sup>30</sup> [www.goldstandard.org](http://www.goldstandard.org)

production of all of the key publications of Julius Baer as well as with selected key international events (e.g. Next Generation summits).

To show our broader commitment to environmental protection beyond our corporate footprint, Julius Baer continues its active membership in the Swiss Climate Foundation, which directly helps to fund CO<sub>2</sub>-reduction projects brought forward by small and medium-sized enterprises in Switzerland and Liechtenstein. As part of its membership, Julius Baer donates a considerable portion of the net gains received from the redistributed CO<sub>2</sub> levies to the foundation.

Julius Baer is a participant of the energy saving programmes promoted by the local governments in the cantons of Geneva (eco21) and Zurich (Kantonale Zielvereinbarung). Both encourage the companies to progressively reduce energy consumption.

Specific measures that we tackled in 2016 included:

#### **Energy usage analysis**

Based on the energy usage analyses conducted together with the local energy providers during 2015 at our locations in Zurich and Hong Kong, concrete efficiency improvement measures were prioritised and fed into a tangible plan for implementation. In parallel, systematic work took place in the Geneva location as well. A number of steps taken during 2016 included but were not limited to:

- optimisation of timing in regard to illumination, air-conditioning and heating of specific working, storage and technical areas
- complete replacement of cooling equipment and targeted substitution of older refrigerators used by our employees to newer more energy-efficient models
- installation of LED lighting in numerous spaces

#### **Energy-efficient lighting**

LED lighting is the standard for all office modernisations as well as for new office fit-outs. Therefore in 2016, we changed conventional lighting to LED in the new location in Verbier, as well as during the renovation of the Hong Kong office.



Additionally, a variety of areas at all of the locations in Zurich as well as one of the buildings in Geneva were equipped with LED during the past year.

### Green power for main Swiss locations

Fulfilling our commitment to purchase 100% of electricity for our main Swiss locations from renewable hydropower sources in Europe, we began the switch with the Lugano location. The transition for the other offices will be completed by 2018, as existing contractual obligations allow.

### Climate-friendly menus

In 2016, we further extended our participation in the ONE TWO WE programme<sup>31</sup>, organised by our catering provider in Switzerland, SV Group. Since the food that we consume is playing a major role in environmental pollution, SV Group makes efforts to sensitise its customers towards making the menus served at their canteens more climate-friendly.

Following the programme's rollout in 2015 at the Zurich-Altstetten canteen, we implemented the new offering at the second canteen in the city (Zurich-Morgarten) as well as in Lugano.

While keeping the meals appealing to our employees' tastes, the revised offering puts an emphasis on seasonal dishes, regional ingredients and delicious vegetarian set meals, along with reduced energy consumption and less waste. Participation in the programme entails an annual review and continuous fine-tuning of the offering in order to further optimise each canteen's ecological footprint.

### Digital Days

To mark the occasion of Earth Day on 22 April 2016, we launched a series of non-printing days, dubbed Digital Days. Conducted quarterly since then on a global basis, this symbolic initiative encourages our

employees to play a small part in Julius Baer's strivings to reduce paper waste. As a sensitising activity, the initiative also became an opportunity to spark up a conversation on our daily habits. Resulting input of many employees highlighted areas for improvement not just in individual behaviour but also operational processes – input that was gladly taken up for implementation as part of the already running digitalisation programme.

### Away from plastic

As part of our waste-reduction efforts, we are also working on minimising the amount of plastic that is used in our offices. In Switzerland, drinking water has been historically offered to the employees and clients in the form of plastic bottles. While providing easy hydration, this has been creating unnecessary waste in a location with superb quality tap water.

Therefore, to change the situation, we have initiated a transition away from PET to a more sustainable solution using high-end water fountains connected to running water. During 2016, we successfully rolled out the new setup at the two biggest locations in Zurich – Morgartenstrasse and Altstetten – as well as the new office in Verbier. To support this rollout, employees at these locations received reusable bottles. Further locations in Switzerland will follow during 2017.

'I very much like the commitment of my employer in the area of sustainability and support it in my daily work through in-house engineering projects, efforts to reduce our day-to-day energy consumption or the switch from PET bottles to water fountains.'

**Bruno Aeberhard, Corporate Services specialist in Zurich**

<sup>31</sup> [www.one-two-we.ch](http://www.one-two-we.ch)

# FACTS AND FIGURES

## KEY FINANCIAL INDICATORS<sup>32</sup>

	2016	2015	Change in %
Assets under management, AuM (CHF bn)	336.2	299.7	12.2
Ratio of AuM with ESG integration compared to total AuM (%) <sup>33</sup>	12.0	13.8	-
Operating income (CHF m)	2,852.4	2,694.4	5.9
Profit before taxes (CHF m)	847.6	309.0	174.3
Adjusted net profit (CHF m)	705.5	279.2	152.7
<i>excluding US provision<sup>34</sup></i>	705.5	701.5	0.6
Cost/income ratio (%) <sup>35</sup>	68.9	67.2	-
BIS total capital ratio (%) <sup>36</sup>	17.5	19.4	-
Pre-tax margin (basis points)	27.1	10.7	-
Income taxes (CHF m) <sup>37</sup>	142.1	29.8	376.8
Dividends per share paid (CHF) <sup>38</sup>	1.2	1.1	9.1
Moody's long term bank deposit rating of Bank Julius Baer & Co. Ltd.	Aa2	Aa2	-

<sup>32</sup> Adjusted results derived by excluding from the audited IFRS financial statements the integration and restructuring expenses and amortisation of intangible assets related to previous acquisitions or divestments, as well as taxes on those respective items.

<sup>33</sup> Corresponding to AuM with ESG integration in discretionary mandates. The ratio decreased as compared to 2015 due to faster growth of total AuM vs that of AuM in discretionary mandates.

<sup>34</sup> Excluding the CHF 422.3 million impact on net profit of the USD 547.25 million provision for the settlement amount stemming from the final approval of the settlement with respect to a resolution regarding Julius Baer's legacy US cross-border business by the US Department of Justice (DOJ). Julius Baer reached a final settlement on this topic with the DOJ in February 2016.

<sup>35</sup> Calculated using adjusted operating expenses, excluding valuation allowances, provisions and losses.

<sup>36</sup> In Switzerland, the Basel III framework came into effect on 1 January 2013. The Basel III effects but also the effects of IAS 19-revised relating to pension liabilities will be phased in between 2014 and 2018 for the calculation of the eligible capital. Furthermore, non-compatible Basel III tier 1 and tier 2 capital instruments will be phased out between 2013 and 2022. The capital ratio shown above reflects a phased calculation approach.

<sup>37</sup> For the business year 2016, Julius Baer Group Ltd. reported an actual income tax expense of approx. CHF 142.1 million, which can be split in approx. CHF 133.7 million current income taxes and approx. CHF 8.4 million deferred income taxes (benefit). In addition, approx. CHF 5.9 million capital taxes were due. Other taxes and dues were paid, such as VAT, withholding taxes, stamp duty, etc. but are not included in this calculation.

<sup>38</sup> 2016 dividend is subject to confirmation by the Annual General Meeting (12 April 2017)

### Listing

Zurich, Switzerland	SIX Swiss Exchange under the securities number 10 248 496 Member of the Swiss Market Index SMI
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### Ticker symbols

Bloomberg	BAER VX
Reuters	BAER.VX

## KEY SOCIAL INDICATORS

	2016	2015	Change in %
Number of employees (FTE) (total workforce excl. externals) <sup>39</sup>	6,025.9	5,364.0	12.3
<i>Of whom in Switzerland (%)</i>	53.7	57.1	-
<i>Of whom in rest of Europe (%)</i>	16.6	12.3	-
<i>Of whom in Asia-Pacific (%)</i>	22.3	22.6	-
<i>Of whom in Latin America (%)</i>	5.0	5.8	-
<i>Of whom in Middle East and Africa (%)</i>	2.4	2.2	-
Number of apprentices / trainees (FTE)	39.0	36.5	6.8
Total headcount (regular staff)	6,140	5,534	11.0
Tenure of employees (based on total headcount regular staff)			
<i>Up to 1 year (%)</i>	14.2	11.6	-
<i>1 to 5 years (%)</i>	36.3	39.2	-
<i>6 to 10 years (%)</i>	25.7	26.0	-
<i>11 to 20 years (%)</i>	16.7	15.9	-
<i>21 years and longer (%)</i>	7.1	7.3	-
Ratio of women (% to total headcount regular staff)	41.2	40.8	-
Women between Director and Managing Director level (% to total headcount regular staff)	25.9	24.5	-
Women on the Executive Board level (% to total headcount regular staff)	-	-	-
Women on the Board of Directors (%) <sup>40</sup>	22.2	12.5	-
Part-time employees (% of total headcount regular staff)	10.1	13.2	-
Fluctuation rate (net turnover) (%)	10.6	13.9	-

<sup>39</sup> Total workforce includes regular staff (employees with an ordinary open-ended Julius Baer contract on a full or part-time basis), temporary staff, trainees, apprentices and university graduates

<sup>40</sup> Out of 9 Board of Directors members

KEY ENVIRONMENTAL INDICATORS<sup>41, 42</sup>

	2016	2015	Change in %
Energy consumption (MWh)	28,529	28,353	0.6
<i>Electricity</i>	22,070	22,346	-1.2
<i>Heating and other fuels</i>	6,459	6,007	7.5
Business travel (miles/FTE)	6,395	6,234	2.6
Water consumption (m <sup>3</sup> ) <sup>43</sup>	119,641	139,625	-14.3
Water consumption intensity (m <sup>3</sup> /FTE) <sup>43</sup>	26	31	-18.2
Paper consumption (t) <sup>44</sup>	314	287	9.4
Paper consumption intensity (kg/FTE) <sup>44</sup>	67	65	4.5
Waste (t)	850	843	0.8
<i>Residual office waste</i> <sup>45</sup>	370	352	5.1
<i>Recycling</i>	432	432	0.2
<i>Special waste</i> <sup>45</sup>	48	60	-19.3
Waste intensity (kg/FTE)	183	190	-3.7
Greenhouse gas emissions (tCO <sub>2</sub> e) <sup>46</sup>	13,243	12,162	8.9
Scope 1 total <sup>47</sup>	1,638	1,358	20.6
<i>Heating and other fuels</i>	1,234	1,124	9.7
<i>Volatile emissions (refrigerants)</i>	404	234	72.9
Scope 2 (electricity and district heat) <sup>48, 49</sup>	4,571	4,487	1.9
Scope 3 total <sup>50</sup>	7,034	6,318	11.3
<i>Business travel</i> <sup>51</sup>	6,438	5,730	12.4
<i>Paper, water and waste</i>	596	588	1.4
Energy intensity (MWh/FTE)	6.1	6.4	-3.9
CO <sub>2</sub> intensity (tCO <sub>2</sub> e/FTE)	2.8	2.7	4.1

<sup>41</sup> Environmental indicators for the Julius Baer Group are based on the information collected from our main business locations (Zurich, Geneva and Lugano premises and data centres in Switzerland, as well as our locations in Germany, Singapore, Hong Kong, UK and Uruguay), covering about 80% of total employees. Exception here are business travel figures, which cover the entire Group. Average FTE figures were used for calculation of ratios for the respective years.

CO<sub>2</sub> offsetting for the Julius Baer Group is done based on the extrapolation of the above-listed information to cover all of the operations of the company.

<sup>42</sup> Individual data points 2015 were restated due to the the retroactive inclusion of our site in Frankfurt, Germany (G4-22).

<sup>43</sup> 2015 data quality was optimised (measured values and partial estimation based on 2016 data)

<sup>44</sup> 2015 value was corrected (reflecting updated data)

<sup>45</sup> 2015 data quality was optimised (updated waste figures from our London office)

<sup>46</sup> Street sludge, cooking oil and fluorescent lamps

<sup>47</sup> CO<sub>2</sub> emissions were calculated according to the guidelines of the Greenhouse Gas Protocol

<sup>48</sup> Emissions that arise directly from owned or controlled sources (e.g. fuels used in boilers)

<sup>49</sup> Emissions calculated using the 'location-based' approach in accordance with the Greenhouse Gas Protocol Scope 2 Guidance. Value used as an approximation for the 'market-based' emissions.

<sup>50</sup> Emissions that are a consequence of own activities but from sources not owned or controlled by Julius Baer (e.g. associated with business travel, paper consumption and waste)

<sup>51</sup> 2015 data quality was optimised (emissions from employee commuting by train excluded)

# OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

Julius Bär



**SDG**

**Contribution**

<p><b>1 NO POVERTY</b></p>	<p>As part of the activities of the Julius Baer Foundation, we support vocational training projects for those disadvantaged in our various communities. Through our cooperation partner, elea Foundation, the Julius Baer Foundation supports BagoSphere, which is a social enterprise that provides professional tailor-made training in the fast growing call-center industry to the underprivileged youth in the Philippines. Besides the financial help, two Julius Baer senior professionals are mentoring the CEO of BagoSphere to provide this social enterprise with new opportunities. See details about Julius Baer Foundation on pages 25-26.</p>
<p><b>6 CLEAN WATER AND SANITATION</b></p>	<p>On an annual basis, through Julius Baer Cares organisation in Switzerland, the employees of the Bank organise a fundraiser to help projects in the developing world to ensure establishment of sustainable drinking water infrastructure (e.g. rain water collection systems). Over the last 6 years, a variety of initiatives were supported in Thailand, Laos, Bali and Ethiopia (latter being the location of the project done in 2016). Julius Baer Foundation matched the funds raised by the staff in 2015 and 2016, thus doubling the contributions and respective number of installations. See page 26.</p>
<p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p>	<p>Through our continued long-term sponsorship of the FIA Formula E Championship, we encourage the development and diffusion of environmentally friendly technology to the mainstream – both focusing on redirection of financing away from fossil fuels as well as noise reduction on the roads. See page 30.</p> <p>Additionally, Julius Baer sponsors ETH Zurich's Academic Motorsports Club (AMZ), which enables us to support the engineers of tomorrow. The students form a team and participate in the 'Formula Student' competition, the world's biggest contest for engineers within the electrical class, where they have the opportunity to develop and test their innovative technologies.</p>
<p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b></p>	<p>Our in-house investment research specialists promote renewable energy investment through the forward-thinking Next Generation research. See page 12.</p> <p>We also encourage the use of public transportation to and from work by subsidising local transport subscriptions for our employees in Switzerland, in the UK and in certain other countries. See page 21.</p> <p>Through a variety of our Sponsoring and Julius Baer Foundation's engagements as well as the Art Collection, we support arts and culture in Switzerland and abroad. See page 30.</p>
<p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p>	<p>We are working on implementing measures in our supply chain to ensure that our Business Partners comply with the Julius Baer Code of Business Conduct and the international norms on human and labour rights, health and safety, and anti-corruption. Respectively, we attach stringent criteria when it comes to our sponsoring and events activities. See page 18.</p> <p>In an effort to sensitise our employees towards sustainable consumption, we extended our participation in the ONE TWO WE programme of our catering provider, SV Services. See page 35.</p>
<p><b>13 CLIMATE ACTION</b></p>	<p>Julius Baer is committed to continuously optimise its environmental footprint on the Group level. Therefore, we set concrete goals to increase efficiency of our infrastructure for 2015-2020 (including but not limited to switching to 100% renewable electricity sourcing in our main Swiss locations) and operate as a carbon neutral company by offsetting the footprint that we generate. In parallel to implementing a variety of measures on the corporate side, a number of sensitising activities are conducted each year for the staff to improve individual daily habits. See pages 33-35.</p>
<p><b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b></p>	<p>As an engagement unique to Julius Baer's home market of Switzerland and a way to support and foster the direct democratic system there, the company promotes local employee political participation. In order to encourage dialogue on economic, social and political issues, on a regular basis we organise panel discussions for our Swiss based employees with leading national politicians of all major parties in advance of national referendums. See page 31-32.</p>
<p><b>17 PARTNERSHIPS FOR THE GOALS</b></p>	<p>Julius Baer is an active member of the Swiss Climate Foundation and contributes a significant portion of net gains received from the redistributed CO<sub>2</sub> levies to the foundation. See page 33-34.</p>

Julius Baer supports the Sustainable Development Goals. Read also guidelines on the Sustainable Development Goals under: <http://www.un.org/sustainabledevelopment/wp-content/uploads/2016/10/UN-Guidelines-for-Use-of-SDG-logo-and-17-icons.October-2016.pdf>

## OVERVIEW OF STAKEHOLDER DIALOGUES<sup>52</sup>

An important element of ensuring the sustainability of our business is the continuous dialogue with our various stakeholder groups that have a significant impact on our business success, or on which we have a significant impact. These dialogues include the following:

<b>Key stakeholder groups engaged</b>	<b>Main dialogue mechanisms and frequencies</b>	<b>Main topics of interest to the stakeholders</b>
<b>Clients</b>	<ul style="list-style-type: none"> <li>ongoing dialogue with our RMs</li> <li>client events and conferences</li> </ul>	<ul style="list-style-type: none"> <li>understanding of client needs and quality of service</li> <li>data privacy</li> <li>transparency in the product and service offering</li> <li>financial stability of the company</li> <li>compliance with regulations</li> <li>general organisational behaviour</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Intranet</li> <li>team meetings and discussions</li> <li>townhall meetings (group-wide and department/location-wide at least once a year)</li> <li>annual performance review discussions</li> </ul>	<ul style="list-style-type: none"> <li>transparent internal communication</li> <li>professional development opportunities</li> <li>benefits and compensation</li> <li>work-life balance</li> <li>overall human rights and labor practices</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>Annual General Meeting of shareholders</li> <li>regular roadshows and participation in conferences</li> <li>dialogue with the Investor Relations and Corporate Sustainability team</li> </ul>	<ul style="list-style-type: none"> <li>overall business development and financial stability of the company</li> <li>share price development</li> <li>corporate governance practices</li> <li>transparent information on sustainable development of the business</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>grant proposal discussions with non-profit partners of the Julius Baer Foundation</li> <li>input through the employees for causes needing support in the local communities (projects to receive backing by Julius Baer Cares)</li> </ul>	<ul style="list-style-type: none"> <li>clear and transparent communication on documentation required to receive grants</li> <li>tangible impact for the beneficiary organisation and cause(s) it supports</li> <li>long-lasting support</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>direct discussions with regulators</li> <li>interaction via industry associations by our Public Policy team and internal Risk, Legal and Compliance specialists</li> </ul>	<ul style="list-style-type: none"> <li>compliance with regulations specific to the financial sector and local labour practices</li> </ul>
<b>Business partners</b>	<ul style="list-style-type: none"> <li>suppliers: dialogue with our Procurement team through a structured contract process at the start of the relationship and during maintenance</li> <li>other players in the financial industry: sector discussions in various industry associations</li> </ul>	<ul style="list-style-type: none"> <li>suppliers: clear terms of service and timely payment;</li> <li>competitors: fair competitive practices and readiness for dialogue and mutual support on topics of common interest</li> </ul>

<sup>52</sup> This page includes information on GRI G4-24, G4-25, G4-26, and G4-27

## MEMBERSHIPS

We believe that being in dialogue and contributing to efforts of organisations engaged in various aspects of sustainability can promote mutual exchange of insight and support communal drives to advance sustainability efforts in the financial industry and beyond.

These are the organisations whose efforts we support through membership or by being a signatory.



[www.unpri.org](http://www.unpri.org)

UN-supported Principles for Responsible Investment. Julius Baer became a signatory in 2014 and is committed to progressively integrating environmental, social and corporate governance considerations into its investment approach.



[www.sustainablefinance.ch](http://www.sustainablefinance.ch)

Swiss Sustainable Finance (SSF) promotes sustainability in the Swiss financial market and brings together financial and non-financial service providers, investors, academia, public sector entities and other interested organisations, providing a platform to foster the integration of sustainability principles into all financial services. Julius Baer joined the organisation in 2014 and is an active participant in the broader discussions, and specifically the workstream on the integration of sustainability considerations into the investment process within the wealth management sector.



[www.klimastiftung.ch](http://www.klimastiftung.ch)

Swiss Climate Foundation is a non-profit organisation that directly helps to fund small and medium-sized enterprises (SMEs) in Switzerland and Liechtenstein that are proactive in their approach to reducing CO<sub>2</sub> emissions. Since being founded in 2008, it provided support to almost 2,000 SMEs in the amount of approximately CHF 15 million. Julius Baer became a member in 2015 and contributes a significant portion of net gains received from the redistributed CO<sub>2</sub> levies to the foundation.

Additionally, we are proud to have satisfied the requirements to become a constituent of the FTSE4Good Global Index following the December 2016 review.



[www.ftse.com](http://www.ftse.com)

Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

# GRI G4 CONTENT INDEX



The table below contains the GRI Indicators of Aspects, which were identified as material for Julius Baer as part of the materiality assessment process. Unless otherwise indicated, all page numbers indicated below refer to this report.

GRI Indicator Number	GRI Indicator Name	Location of content	Comments
<b>GENERAL STANDARD DISCLOSURES</b>			
<b>Strategy and Analysis</b>			
G4-1	Statement of the Chairman and CEO on the relevance of sustainability	• Pages 3-4: 'Statement from the Chairman and the CEO'	
<b>Organisational Profile</b>			
G4-3	Name of the organisation	• Cover page	
G4-4	Brands, products and/or services	• Page 1: 'About Julius Baer' • 2016 Business Review document, pages 18-20, Julius Baer's scope of investment, advisory and execution competence' • Julius Baer at a glance' webpage	• <a href="http://www.juliusbaer.com/reports">www.juliusbaer.com/reports</a> • <a href="http://www.juliusbaer.com/global/en/discover-julius-baer/about-julius-baer/julius-baer-at-a-glance/">www.juliusbaer.com/global/en/discover-julius-baer/about-julius-baer/julius-baer-at-a-glance/</a>
G4-5	Headquarters location	• Page 1: 'About Julius Baer'	
G4-6	Countries with business operations	• Page 2: 'Global presence'	
G4-7	Ownership and legal form	• Annual Report 2016: Chapter I, section 'Group Structure and Shareholders'	<a href="http://www.juliusbaer.com/reports">www.juliusbaer.com/reports</a>
G4-8	Markets served	• Page 1: 'About Julius Baer'	
G4-9	Scale of the organisation	• Page 1: 'About Julius Baer'	
G4-10	Employees by employment type, gender and region	• Page 37: 'Key Social Indicators'	
G4-11	Employees covered by collective bargaining agreements	• Page 25: 'Representation in employee/employer associations'	
G4-12	Description of the organisation's supply chain	• Page 18: 'Sustainable procurement and marketing'	Products and services we procure include financial, IT, professional, facility management, real estate, logistics and marketing services, market data, travel management, and workplace support.
G4-13	Significant changes regarding size, structure or ownership	• Annual Report 2016: Note 26A, 'Companies consolidated as at 31 December 2015' Annual Report 2016: Note 27, 'Acquisitions'	<a href="http://www.juliusbaer.com/reports">www.juliusbaer.com/reports</a>
G4-14	Precautionary approach	• Page 6: 'Focus areas and goals' Pages 9-14: 'Responsible Investment considerations – integral part of our investment philosophy' Page 14: 'Internal control system and global minimum controls'	
G4-15	External agreements and initiatives	• Page 41: 'Memberships' Page 31: 'Public Policy'	
G4-16	Membership in associations and organisations	• Page 41: 'Memberships'	
<b>Identified Material Aspects and Boundaries</b>			
G4-17	Reporting boundaries in the consolidated financial statements	• Page 6: 'Report boundary and materiality analysis'	
G4-18	Process for defining report content	• Page 6: 'Report boundary and materiality analysis'	
G4-19	Material aspects	• Pages 7: 'Report boundary and materiality analysis'	
G4-20	Report boundaries of material aspects within the organisation	• Pages 7: 'Report boundary and materiality analysis'	
G4-21	Report boundaries of material aspects outside the organisation	• Pages 7: 'Report boundary and materiality analysis'	
G4-22	Effects of restatements of information	• Page 19: chart 'Tenure of our employees' • Page 38: 'Key environmental indicators'	Corrected figures for 2015 for staff tenure. Individual data points in Key Environmental Indicators 2015 were restated due to the retroactive inclusion of our site in Frankfurt, Germany.
G4-23	Changes in scope and boundary of reported aspects	• Page 6: 'Report boundary and materiality analysis'	No boundary changes from 2015 reporting

GRI Indicator Number	GRI Indicator Name	Location of content	Comments
<b>Stakeholder Engagement</b>			
G4-24	Relevant stakeholder groups	<ul style="list-style-type: none"> <li>Pages 6-7: 'Report boundary and materiality analysis'</li> <li>Page 40: 'Overview of stakeholder dialogues'</li> </ul>	
G4-25	Basis for selection of stakeholders	Page 40: 'Overview of stakeholder dialogues'	
G4-26	Approaches to stakeholder engagement	Page 40: 'Overview of stakeholder dialogues'	
G4-27	Response to and dealing with key topics and concerns of stakeholders	<ul style="list-style-type: none"> <li>Pages 6-7: 'Report boundary and materiality analysis'</li> <li>Page 40: 'Overview of stakeholder dialogues'</li> </ul>	
<b>Report profile</b>			
G4-28	Reporting period	• Cover page	
G4-29	Date of most recent previous report	<ul style="list-style-type: none"> <li>Corporate Sustainability page on the Julius Baer website: <a href="http://www.juliusbaer.com/global/en/discover-julius-baer/commitment/corporate-sustainability">www.juliusbaer.com/global/en/discover-julius-baer/commitment/corporate-sustainability</a></li> </ul>	March 2016
G4-30	Reporting cycles	• Pages 6: 'Report boundary and materiality analysis'	
G4-31	Contact point for questions regarding the report or its contents	• Page 47: 'Corporate contacts'	
G4-32	Reporting option chosen	• Page 6: 'Report boundary and materiality analysis'	GRI G4 Core reporting option
G4-33	External assurance for the report		No external assurance was performed for this report. However, it was put together with the review and consultation on GRI Sustainability Reporting fitness by Sustainerv, Zurich and Boston.
<b>Governance</b>			
G4-34	Governance structure and committees under the Board of Directors	<ul style="list-style-type: none"> <li>Page 8: 'Corporate Governance' Annual Report 2016: Chapter I, 'Corporate Governance'</li> <li>Corporate Governance page on the Julius Baer website: <a href="http://www.juliusbaer.com/group/en/julius-baer-at-a-glance/corporate-governance">www.juliusbaer.com/group/en/julius-baer-at-a-glance/corporate-governance</a></li> </ul>	<a href="http://www.juliusbaer.com/reports">www.juliusbaer.com/reports</a>
<b>Ethics and Integrity</b>			
G4-56	Company's values, principles and code of conduct	<ul style="list-style-type: none"> <li>Pages 5, 6, and 8: chapters 'Core values', 'Corporate Sustainability', and 'Code of Business Conduct'</li> <li>Code of Business Conduct (Our Professional Standards) document</li> </ul>	<a href="http://www.juliusbaer.com/ourprofessionalstandards">www.juliusbaer.com/ourprofessionalstandards</a>
<b>ECONOMIC</b>			
G4-DMA	<b>Economic performance</b>	<ul style="list-style-type: none"> <li>Page 7: material aspects table</li> <li>Pages 10-11: 'Responsible Investment'</li> </ul>	
G4-EC1	Economic value generated and distributed	• Page 36: 'Key financial indicators'	
G4-EC3	Coverage of the organisation's defined benefit plan obligations	• Annual Report 2016, Chapter II, 'Remuneration report'	<a href="http://www.juliusbaer.com/reports">www.juliusbaer.com/reports</a>
G4-DMA	<b>Market presence</b>	<ul style="list-style-type: none"> <li>Page 3: 'Statement from the Chairman and the CEO'</li> <li>Page 20-21: 'Rewards and benefits'</li> </ul>	
G4-EC5	Standard entry level wage by gender compared to local minimum wage at significant locations of operation	• Page 20-21: 'Rewards and benefits'	
G4-DMA	<b>Indirect economic impacts</b>	<ul style="list-style-type: none"> <li>Page 25: 'Community engagement'</li> <li>Page 39: 'Our contribution to Sustainable Development Goals'</li> </ul>	
G4-EC7	Development and impact of infrastructure investments and services supported	<ul style="list-style-type: none"> <li>Page 3: 'Statement from the Chairman and the CEO'</li> <li>Pages 25-29: 'Community engagement'</li> <li>Page 30: 'Sponsoring'</li> </ul>	

<b>GRI Indicator Number</b>	<b>GRI Indicator Name</b>	<b>Location of content</b>	<b>Comments</b>
<b>ENVIRONMENT</b>			
G4-DMA	<b>Materials</b>	<ul style="list-style-type: none"> <li>• Page 7: material aspects table</li> <li>• Page 33: 'Environmental efficiency framework'</li> </ul>	
G4-EN1	Materials used by weight or volume	<ul style="list-style-type: none"> <li>• Page 38: 'Key environmental indicators'</li> </ul>	
G4-DMA	<b>Energy</b>	<ul style="list-style-type: none"> <li>• Page 7: material aspects table</li> <li>• Page 33: 'Environmental efficiency framework'</li> </ul>	
G4-EN3	Energy Consumption within the organisation	<ul style="list-style-type: none"> <li>• Page 38: 'Key environmental indicators'</li> </ul>	
G4-EN5	Energy Intensity	<ul style="list-style-type: none"> <li>• Page 38: 'Key environmental indicators'</li> </ul>	
G4-EN6	Reduction of Energy Consumption	<ul style="list-style-type: none"> <li>• Page 38: 'Key environmental indicators'</li> </ul>	
G4-DMA	<b>Water</b>	<ul style="list-style-type: none"> <li>• Page 7: material aspects table</li> <li>• Page 33: 'Environmental efficiency framework'</li> </ul>	
G4-EN8	Total Water Withdrawal by Source	<ul style="list-style-type: none"> <li>• Page 38: 'Key environmental indicators'</li> </ul>	
G4-DMA	<b>Emissions</b>	<ul style="list-style-type: none"> <li>• Page 7: material aspects table</li> <li>• Page 33: 'Environmental efficiency framework'</li> </ul>	
G4-EN15	Direct Green House Gas (GHG) Emission (Scope 1)	<ul style="list-style-type: none"> <li>• Page 38: 'Key environmental indicators'</li> </ul>	
G4-EN16	Energy Indirect Green House Gas (GHG) Emissions (Scope 2)	<ul style="list-style-type: none"> <li>• Page 38: 'Key environmental indicators'</li> </ul>	
G4-EN17	Other Indirect Green House Gas (GHG) Emissions (Scope 3)	<ul style="list-style-type: none"> <li>• Page 38: 'Key environmental indicators'</li> </ul>	
G4-EN18	Green House Gas (GHG) Emissions Intensity	<ul style="list-style-type: none"> <li>• Page 38: 'Key environmental indicators'</li> </ul>	
G4-DMA	<b>Effluents and waste</b>	<ul style="list-style-type: none"> <li>• Page 7: material aspects table</li> <li>• Page 33: 'Environmental efficiency framework'</li> </ul>	
G4-EN23	Total Weight of Waste by Type and Disposal Method	<ul style="list-style-type: none"> <li>• Page 38: 'Key environmental indicators'</li> </ul>	
<b>LABOUR</b>			
G4-DMA	<b>Employment</b>	<ul style="list-style-type: none"> <li>• Page 7: material aspects table</li> <li>• Pages 19-20: 'Our employees'</li> </ul>	
G4-LA1	New employee hires and employee turnover rate	<ul style="list-style-type: none"> <li>• Page 19: 'Our employees'</li> <li>• Page 37: 'Key social indicators'</li> </ul>	
G4-LA3	Return to work and retention rates after parental leave, by gender	<ul style="list-style-type: none"> <li>• Page 20-21: 'Rewards and Benefits'</li> </ul>	
G4-DMA	<b>Labour/Management relations</b>	<ul style="list-style-type: none"> <li>• Page 7: material aspects table</li> <li>• Pages 23-24: 'Employability and redundancy management'</li> </ul>	
G4-LA4	Minimum notice periods regarding operational changes	<ul style="list-style-type: none"> <li>• Pages 23-24: 'Employability and redundancy management'</li> </ul>	
G4-DMA	<b>Occupational health and safety</b>	<ul style="list-style-type: none"> <li>• Page 7: material aspects table</li> <li>• Page 20: 'Employee well-being'</li> </ul>	
G4-LA6	Injuries, diseases, lost days, absenteeism, and work-related fatalities	<ul style="list-style-type: none"> <li>• Page 20: 'Employee well-being'</li> </ul>	
G4-DMA	<b>Training and education</b>	<ul style="list-style-type: none"> <li>• Page 7: material aspects table</li> <li>• Pages 21-22: 'Training and Development'</li> </ul>	
G4-LA9	Average hours of employee training per year	<ul style="list-style-type: none"> <li>• Pages 21-22: 'Training and Development'</li> </ul>	
G4-LA10	Programs for skills management and lifelong learning for continued employability of employees	<ul style="list-style-type: none"> <li>• Pages 21-22: 'Training and Development'</li> </ul>	
G4-LA11	Employees receiving regular performance and career development reviews	<ul style="list-style-type: none"> <li>• Page 23: 'Performance management'</li> </ul>	
G4-DMA	<b>Diversity and equal opportunity</b>	<ul style="list-style-type: none"> <li>• Page 7: material aspects table</li> <li>• Pages 24-25: 'People and Diversity'</li> </ul>	
G4-LA12	Composition of governance bodies	<ul style="list-style-type: none"> <li>• Page 37: 'Key social indicators'</li> </ul>	
G4-LA13	Ratio of basic salary and remuneration of women to men	<ul style="list-style-type: none"> <li>• Pages 24-25: 'People and Diversity'</li> </ul>	
G4-DMA	<b>Supplier assessment for labour practices</b>	<ul style="list-style-type: none"> <li>• Page 7: material aspects table</li> <li>• Page 18: 'Sustainable Procurement and Marketing'</li> </ul>	
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	<ul style="list-style-type: none"> <li>• Page 18: 'Sustainable Procurement and Marketing'</li> </ul>	

GRI Indicator Number	GRI Indicator Name	Location of content	Comments
<b>HUMAN RIGHTS</b>			
G4-DMA	<b>Non-discrimination</b>	<ul style="list-style-type: none"> <li>Code of Business Conduct (Our Professional Standards) document</li> <li>Page 8: 'Code of Business Conduct'</li> </ul>	<a href="http://www.juliusbaer.com/ourprofessionalstandards">www.juliusbaer.com/ourprofessionalstandards</a>
G4-HR3	Incidents of discrimination	<ul style="list-style-type: none"> <li>Page 17: 'Integrity Line'</li> <li>Pages 19-20: 'Our employees'</li> <li>Pages 24-25: 'Dealing with Adversities', 'People and diversity'</li> </ul>	
G4-DMA	<b>Human rights assessment</b>	<ul style="list-style-type: none"> <li>Code of Business Conduct (Our Professional Standards) document</li> <li>Page 8: 'Code of Business Conduct'</li> </ul>	<a href="http://www.juliusbaer.com/ourprofessionalstandards">www.juliusbaer.com/ourprofessionalstandards</a>
G4-HR9	Operations subject to human rights reviews	<ul style="list-style-type: none"> <li>Code of Business Conduct (Our Professional Standards) document</li> <li>Page 8: 'Code of Business Conduct'</li> </ul>	We promote and respect human rights standards within our sphere of influence – both with our internal and external stakeholders.
G4-DMA	<b>Supplier human rights assessment</b>	<ul style="list-style-type: none"> <li>Page 7: material aspects table</li> <li>Page 18: 'Sustainable Procurement and Marketing'</li> </ul>	
G4-HR11	Negative human rights impacts in the supply chain	Page 18: 'Sustainable Procurement and Marketing'	
G4-DMA	<b>Human rights grievance mechanisms</b>	<ul style="list-style-type: none"> <li>Page 17: 'Integrity Line'</li> <li>Page 24: 'Dealing with Adversities'</li> </ul>	
G4-HR12	Human rights grievances	<ul style="list-style-type: none"> <li>Page 17: 'Integrity Line'</li> <li>Page 24: 'Dealing with Adversities'</li> </ul>	
<b>SOCIETY</b>			
G4-DMA	<b>Local communities</b>	<ul style="list-style-type: none"> <li>Page 7: material aspects table</li> <li>Pages 25: 'Community engagement'</li> </ul>	
G4-SO1	Operations with implemented local community engagement	Pages 25-29: 'Community engagement'	
G4-DMA	<b>Anti-corruption</b>	<ul style="list-style-type: none"> <li>Code of Business Conduct (Our Professional Standards) document</li> <li>Page 8: 'Code of Business Conduct'</li> </ul>	<a href="http://www.juliusbaer.com/ourprofessionalstandards">www.juliusbaer.com/ourprofessionalstandards</a>
G4-SO4	Anti-corruption training for employees	<ul style="list-style-type: none"> <li>Pages 15-16: 'Compliance framework'</li> <li>Pages 21-22: 'Training and development'</li> </ul>	
G4-DMA	<b>Public policy</b>	Page 31: 'Public policy'	
G4-SO6	Political contributions	Page 31: 'Public policy'	
G4-DMA	<b>Anti-competitive behaviour</b>	<ul style="list-style-type: none"> <li>Code of Business Conduct (Our Professional Standards) document</li> <li>Page 8: 'Code of Business Conduct'</li> </ul>	<a href="http://www.juliusbaer.com/ourprofessionalstandards">www.juliusbaer.com/ourprofessionalstandards</a>
G4-SO7	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Annual Report 2016: section 'Provisions'	<a href="http://www.juliusbaer.com/reports">www.juliusbaer.com/reports</a>
G4-DMA	<b>Compliance</b>	<ul style="list-style-type: none"> <li>Page 7: material aspects table</li> <li>Code of Business Conduct (Our Professional Standards) document</li> <li>Page 8: 'Code of Business Conduct'</li> </ul>	<a href="http://www.juliusbaer.com/ourprofessionalstandards">www.juliusbaer.com/ourprofessionalstandards</a>
G4-SO8	Monetary value of significant fines and non-monetary sanctions	Annual Report 2016: section 'Provisions'	<a href="http://www.juliusbaer.com/reports">www.juliusbaer.com/reports</a>

GRI Indicator Number	GRI Indicator Name	Location of content	Comments
<b>PRODUCT RESPONSIBILITY</b>			
G4-DMA	<b>Product and service labelling</b>	<ul style="list-style-type: none"> <li>Page 7: material aspects table</li> <li>Page 17: 'Communication on the products and service offering'</li> </ul>	
G4-PR3	Product and service information required by the organisation's procedures for product and service information and labelling	<ul style="list-style-type: none"> <li>Page 17: 'Communication on the products and service offering'</li> </ul>	
G4-DMA	<b>Marketing / Communications</b>	<ul style="list-style-type: none"> <li>Page 17: 'Prohibited war material producer exclusion'</li> </ul>	
G4-PR6	Sale of banned or disputed products	<ul style="list-style-type: none"> <li>Page 17: 'Prohibited war material producer exclusion'</li> </ul>	
G4-DMA	<b>Customer privacy</b>	<ul style="list-style-type: none"> <li>Page 7: material aspects table</li> <li>Pages 16: 'Information security'</li> </ul>	
G4-PR8	Client data privacy	<ul style="list-style-type: none"> <li>Pages 16: 'Information security'</li> </ul>	
G4-DMA	<b>Compliance</b>	<ul style="list-style-type: none"> <li>Page 7: material aspects table</li> <li>Code of Business Conduct (Our Professional Standards) document</li> <li>Page 8: 'Code of Business Conduct'</li> <li>Page 14: 'Internal control system and global minimum controls'</li> </ul>	<a href="http://www.juliusbaer.com/ourprofessionalstandards">www.juliusbaer.com/ourprofessionalstandards</a>
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	<ul style="list-style-type: none"> <li>Annual Report 2016: section 'Provisions'</li> <li>Pages 15-16: 'Regulatory and cross-border risks'</li> </ul>	<a href="http://www.juliusbaer.com/reports">www.juliusbaer.com/reports</a>
<b>FINANCIAL SERVICES SECTOR DISCLOSURES</b>			
G4-DMA	<b>Product portfolio</b>	<ul style="list-style-type: none"> <li>Page 7: material aspects table</li> <li>Pages 9-14: 'Responsible Investment'</li> </ul>	
FS6	Percentage of the portfolio for business lines by specific region, size and by sector	<ul style="list-style-type: none"> <li>Pages 9-14: 'Responsible Investment considerations – integral part of our investment philosophy'</li> <li>Page 36: 'Key Financial Indicators'</li> <li>2016 Business Review document: pages 6, 8, 13-17</li> </ul>	<ul style="list-style-type: none"> <li><a href="http://www.juliusbaer.com/reports">www.juliusbaer.com/reports</a></li> <li>PRI report</li> </ul>
G4-DMA	<b>Active ownership</b>		Internal alignment and preparation completed for setting up the Active Ownership approach
FS10	Companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues		Internal alignment and preparation completed for setting up the Active Ownership approach

## CORPORATE CONTACTS

### **Corporate Sustainability**

Dr. Thomas R. Meier  
Telephone +41 (0)58 888 6677  
Yulia Bolotina  
Telephone +41 (0)58 888 7484

### **Group Communications**

Dr. Jan A. Bielinski  
Chief Communications Officer  
Telephone +41 (0)58 888 5777

### **Investor Relations**

Alexander C. van Leeuwen  
Telephone +41 (0)58 888 5256

### **Media Relations**

Jan Vonder Muehl  
Telephone +41 (0)58 888 8888

Consultant on GRI Sustainability Reporting  
Sustainserv, Zurich and Boston

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The Annual Report 2016 of Julius Baer Group Ltd. containing the audited IFRS financial accounts of the Julius Baer Group for the year 2016 is available at [www.juliusbaer.com](http://www.juliusbaer.com).



JULIUS BAER GROUP

Head Office  
Bahnhofstrasse 36  
P.O. Box  
8010 Zurich  
Switzerland  
Telephone +41 (0) 58 888 1111  
Fax +41 (0) 58 888 5517  
[www.juliusbaer.com](http://www.juliusbaer.com)

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is present in more than  
50 locations worldwide,  
including Zurich (Head Office),  
Dubai, Frankfurt, Geneva,  
Hong Kong, London, Luxembourg,  
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